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Letter dated 11 December 2009 from the Chairman of the Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia addressed to the President of the Security Council

On behalf of the Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia, and in accordance with paragraph 4 (e) of resolution 1854 (2008), I have the honour to submit herewith the final report of the Panel of Experts on Liberia.

I would appreciate it if the present letter, together with its enclosure, were brought to the attention of the members of the Security Council and issued as a document of the Council.

(*Signed*) Abdurrahman Mohamed **Shalgham**
Chairman
Security Council Committee established pursuant
to resolution 1521 (2003) concerning Liberia

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Enclosure

Letter dated 25 November 2009 from the Panel of Experts on Liberia addressed to the Chairman of the Security Council Committee established pursuant to resolution 1521 (2003)

The members of the Panel of Experts on Liberia have the honour to transmit the final report of the Panel, prepared pursuant to paragraph 4 (e) of Security Council resolution 1854 (2008).

(*Signed*) Wynet **Smith**
Coordinator

(*Signed*) Thomas **Creal**

(*Signed*) Hervé **Gonsolin**

Final report of the Panel of Experts on Liberia submitted pursuant to paragraph 4 (e) of Security Council resolution 1854 (2008)

Summary

Diamonds

The Government of Liberia issued 48 Kimberley Process certificates in the first nine months of 2009 authorizing the export of 18,000 carats of rough diamonds valued at almost $7.4 million. Since 2007, the Government has issued 132 Kimberley Process certificates authorizing the export of approximately 86,745 carats valued at $19.95 million. The Panel's assessment is that while the Government is in compliance with some requirements of the Kimberley Process Certification Scheme, it is not in compliance with regard to the maintenance and sharing of data. The Panel also concludes that the Government is in danger of non-compliance in other areas. Of most concern are indications of abuses of the system of internal controls, mounting evidence of the presence of regional trading networks and the potential infiltration of sanctioned Ivorian diamonds into Liberian exports. The political will to implement the Kimberley Process Certification Scheme has diminished, at least within the Ministry of Lands, Mines and Energy.

Forestry

The Legislature has passed the Community Rights Law with respect to forest lands, and the Forestry Development Authority has vetted a comprehensive law on wildlife conservation and protection. The Legislature ratified and the President signed into law seven acts confirming the awarding of seven forest management contracts between late May and late September 2009. As at 12 November 2009, only two companies with forest management contracts had paid all of their required fees, with a third making a partial payment; four companies had not made any payment. The Panel's assessment is that there are numerous breaches of basic processes and criteria relating to the awarding of concessions, including one to a company that did not meet the minimum reserve bid. Companies have challenged the awarding of three of the four most recent forest management contracts. A Supreme Court justice has denied their petitions without providing any reasons. In terms of transparency requirements, the Forestry Development Authority is not making documents and information available on the Internet as required by law, and it can prove difficult to obtain access to documents at its offices. The Panel has not been able to ascertain the existence of a forest management stakeholders list, another legal requirement intended to facilitate communication and participation.

Information on designated individuals

Charles Taylor testified in his own defence at his trial before the Special Court for Sierra Leone in The Hague from mid-July to early November 2009. The Prosecution began cross-examining him on 10 November. Victor Bout remains in jail in Thailand pending the outcome of an appeal on the request of the United States of America for his extradition. Aziz Nassour in 2004 was convicted in absentia in Antwerp, Belgium, to eight years for his involvement in diamond smuggling from

West Africa to the Antwerp diamond market and is the subject of a Belgian arrest warrant issued in 2006. Leonid Minin may be in Italy and is under investigation for involvement in Russian organized crime. President Ellen Johnson Sirleaf has appointed Benoni Urey acting Mayor of Careysburg, Montserrado County.

Travel ban

The Panel has confirmation that Cyril Allen violated the travel ban by travelling to Ghana in early October 2009. Neither Edwin M. Snowe nor Jewell Howard Taylor has complied with the strict conditions of the waivers granted to them by the sanctions committee established pursuant to Security Council resolution 1521 (2003). Further clarification is required to explain Mr. Snowe's travel on Emirates Airways to Ghana from Abidjan, as the Panel has no details on the trip. The Panel has been informed of allegations that Samih Ossaily travelled from Belgium to the Democratic Republic of the Congo, but has not yet been able to confirm those allegations.

Assets freeze

The effectiveness of the sanctions imposed through the freezing of assets and economic resources of designated individuals and entities continues to be low. The Government of Liberia has not made any movement to freeze assets, including those recently identified by the Panel, as directly or indirectly owned by designated individuals or as providing a financial benefit to designated individuals. The Panel has new evidence indicating that financial benefits were realized by non-designated individuals as a result of links to several designated individuals and that both designated and related individuals have considerable financial resources. These sums are significantly greater than the aggregate asset amounts disclosed as having been frozen by Member States.

Arms embargo

The Panel has not found any concrete evidence of major actual or attempted violations of the arms embargo. The national capacity of the Liberian Government to control weapons and to provide security to its citizens remains low, which is of particular concern to the Panel given the volatile regional situation in Guinea and Côte d'Ivoire. In June 2009, the Government of Liberia completed its internal process of ratification of the Convention on Small Arms and Light Weapons, Their Ammunition and Other Related Materials of the Economic Community of West African States (ECOWAS), but it has yet to deposit its instrument of ratification with the ECOWAS secretariat.

I. Introduction

1. By its resolution 1854 (2008), the Security Council decided to renew for a further 12 months the measures on arms imposed by the Council in paragraph 2 of its resolution 1521 (2003) and to renew the travel ban measures imposed by it in paragraph 4 (a) of its resolution 1521 (2003). The Council also recalled that the assets freeze measures on designated individuals and entities imposed by it in paragraph 1 of its resolution 1532 (2004) remained in force. The Council had previously ended its sanctions on timber imports from Liberia, in June 2006, and on diamond imports from Liberia, in April 2007.

2. In its resolution 1854 (2008), the Security Council extended the mandate of the Panel of Experts on Liberia appointed pursuant to resolution 1819 (2008) until 20 December 2009 to investigate and report on the implementation of relevant sanctions measures, as well as to assess the Government's compliance with the Kimberley Process Certification Scheme for diamonds and its implementation of the National Forestry Reform Law of 2006. The Council further asked the Panel to assist the Committee established pursuant to resolution 1521 (2003) concerning Liberia in updating the publicly available reasons for listing for entries on the travel ban and assets freeze lists.

3. In a letter dated 20 January 2009 (S/2009/47), the Secretary-General reappointed two members of the Panel of Experts: Wynet Smith (Canada, an expert on natural resources) and Tom Creal (United States of America, a finance expert). He also appointed Ms. Smith as Coordinator of the Panel. Hervé Gonsolin (France, an arms expert) was appointed on 24 February 2009 (S/2009/109).

4. The present document constitutes the final official report of the Panel of Experts, as requested by the Security Council in paragraph 4 (e) of its resolution 1854 (2008), and contains a summary of its observations and conclusions.

II. Methodology and collaboration with stakeholders

5. The Panel conducted investigations in relation to each of its mandated tasks. It conducted reviews of evidence and documentation provided by States and national, regional and international organizations and private companies. It also undertook extensive field investigations. The Panel used established evidentiary standards to substantiate its findings: fully authenticated documentary evidence or at least two credible and verifiably independent sources. Further details on its investigations and methodologies are provided in the relevant sections below.

6. The Panel has undertaken various missions to Liberia during its mandate, conducting extensive investigations both in Monrovia and in various counties, including Gbarpolu, Grand Bassa, Grand Cape Mount, Grand Gedeh, Margibi, Montserrado and River Cess.

7. The Panel also visited Belgium, Ghana, Guinea, Italy, Namibia, the Netherlands, Sierra Leone, the United Kingdom of Great Britain and Northern Ireland and the United States of America during the course of its investigations. A list of organizations consulted during the course of the Panel's investigations is provided in annex I.

III. Recent developments in Liberia and the region

8. The situation in Liberia remains generally calm. However, it continues to face many challenges, including limited Government capacity and poor infrastructure. The economy is dominated by cash, and communications other than by mobile phone are poor. The regulation of natural resources continues to be problematic owing to remote locations of operations, poor infrastructure, limited Government capacity and corruption (see paras. 11 and 12 below).

9. The Liberian House of Representatives and Senate passed the national budget for the 2009/10 fiscal year in early July 2009 and President Ellen Johnson Sirleaf signed the national budget, amounting to $371.9 million, into law on 10 July. This amount includes increased revenue projections from the forestry sector.

10. The General Auditing Commission submitted four audit reports to the Legislature on donor funds related to the Heavily Indebted Poor Countries Initiative that are under the management of the Ministries of Lands, Mines and Energy; Education; Health and Social Welfare; and Public Works. The audit findings have identified significant difficulties with regard to transparency and accountability in the management of the funds from donors.

11. Transparency International's Corruption Perceptions Index relates to the perceptions of business people and country analysts regarding the degree of corruption in various countries, with scores ranging between 10 (highly clean) and zero (highly corrupt). Liberia obtained a score of 2.4 in 2008, a slight improvement over its score of 2.1 in 2007. The Panel notes with concern that there are widespread allegations and rumours about Government corruption and that a number of companies have informed the Panel of the need to pay bribes in order to obtain natural resource concessions.

12. Confidence of the population in the police and other public sector institutions remains low. Transparency International's Global Corruption Barometer is a survey that explores the general public's views of corruption as well as experiences of bribery. The Barometer was designed to complement the expert opinions on public sector corruption provided by the Corruption Perceptions Index. The result for Liberia was an average of 3.7, where 5 is extremely corrupt and 1 is not at all corrupt. The Panel notes that the institutions perceived to be the most corrupt in Liberia are the judiciary (4.3), the Legislature (4.1) and public servants (4.0). Additionally, 87 per cent of those surveyed reported that they or a member of their family had paid a bribe during the previous year, the highest percentage reported in any surveyed country (Sierra Leone was the next highest, with 62 per cent of respondents reporting payment of a bribe).

13. An act establishing the Liberia Extractive Industries Transparency Initiative was passed into law on 11 June 2009 by the Senate and was approved by the President on 10 July. The act establishes the Liberia Extractive Industries Transparency Initiative as an autonomous agency comprising a broad coalition of stakeholders. The objective of the Initiative is to ensure that all revenues from the natural resources sectors (mining, oil and gas, agriculture and forestry) are verifiably paid, duly accounted for and prudently used for the benefit of all Liberians. The Initiative also contains provisions for auditing contract-awarding processes. The International Board of the Extractive Industries Transparency

Initiative, at its tenth meeting, held on 14 and 15 October 2009 in Baku, designated the Initiative as being in compliance with its principles.

14. The President signed into law an act to establish the Land Commission of the Republic of Liberia on 4 August 2009. A press release stated that the President highlighted the significance of the bill, given the alarming rate of land conflicts in the country. The President nominated members to the Land Commission on 2 September, subject to confirmation by the Senate.

15. On 1 November 2009, Keith Jubah, Chair of the Public Procurement and Concessions Commission, was murdered near his home outside of Monrovia. He was shot, butchered with a machete, doused in gasoline and set on fire. According to media and police accounts, he was not the victim of armed robbery. There are various theories regarding the motivations for his murder, and investigations continue.

16. The situation in Guinea is of growing concern. When the Panel was in Guinea during the first week of September, there were protests because of the opposition of various civil society organizations to the candidature of the leader of the Conseil national pour la démocratie et le développement and the acting President, Moussa Dadis Camara. On 28 September, harsh reactions by armed units under the authority of the Conseil national pour la démocratie et le développement to peaceful protests led to the death of 60 protestors, according to the junta, and over 150, according to human rights organizations.

17. The Authority of Heads of State and Government of the Economic Community of West African States (ECOWAS), at an extraordinary session held in Abuja on 17 October, condemned the violence and human rights abuses in Guinea, as did the Peace and Security Council of the African Union. The ECOWAS Authority decided to impose an arms embargo on Guinea under its Convention on Small Arms and Light Weapons, Their Ammunition and Other Related Materials. A range of additional sanctions, including a travel ban and an assets freeze, have also been imposed by the African Union, the European Union and the United States. On 16 October, the Secretary-General of the United Nations announced the establishment of an international commission of inquiry to investigate the facts and circumstances of the events of 28 September 2009 in Conakry and related events in the immediate aftermath.

18. Violations of the arms embargo on Côte d'Ivoire, as documented by the Group of Experts on Côte d'Ivoire in its most recent report (see S/2009/521), are also of concern. Delays in advancing the Ivorian peace process and lack of disarmament pose additional challenges to continued stability in the region.

19. Upcoming elections in several countries of the subregion over the next few years (Côte d'Ivoire, Guinea and Liberia), the widespread regional presence and circulation of ex-combatants and weapons, economic decline or stagnation and high rates of youth unemployment are all issues that must be monitored and addressed if the fragile stability of several States in West Africa is not to be further undermined.

20. Seven West African countries, out of the eight required, have so far ratified the ECOWAS Convention on Small Arms and Light Weapons, Their Ammunition and Other Related Materials and deposited their instruments of ratification at the ECOWAS Commission. The seven countries are Burkina Faso, Mali, Niger, Nigeria, Sierra Leone, Senegal and Togo. Liberia has ratified but not yet deposited its

instruments. The Convention will fully come into force three years after it has been signed by the ECOWAS Heads of State and Government.

IV. Diamonds

21. The Security Council lifted its sanctions on Liberian rough diamonds on 27 April 2007, and the Kimberley Process admitted Liberia as a participant on 4 May 2007. Prior to the admittance of Liberia to the Kimberley Process, expert missions and the Panel had deemed the country's 2004 law on the trade in diamonds to meet the basic Kimberley Process Certification Scheme requirements (for example, the requirements that a Kimberley Process certificate be issued for each shipment of rough diamonds and that a system of internal controls be established). The Panel has summarized Liberia's system of internal controls (which includes licensed miners, brokers and dealers, as well as the issuance of diamond mining vouchers and sales receipts) in previous reports (see S/2007/689, paras. 19-25 and S/2008/371, paras. 108-113).

22. Since its admission to the Kimberley Process, the Government of Liberia's task as participant has been to maintain and improve its compliance with the requirements of the Certification Scheme. During the two years since the lifting of sanctions, the Panel has assessed the Government's compliance with the Certification Scheme, as requested in various Security Council resolutions. As part of its peer review system, the Kimberley Process also assessed Liberia's compliance during two review visits (April-May 2008 and May 2009).

23. To conduct its current assessment, the Panel has focused on assessing: (a) whether Liberia has continued to meet the minimum Kimberley Process requirements; and (b) whether it has also complied with the additional recommendations and guidelines set out in the annexes to the Kimberley Process Certification Scheme and subsequent administrative decisions. The Panel has also examined whether Liberia was implementing recommendations of the 2008 Kimberley Process review visit. The Panel's assessment is based on its analysis of collected documents and statistics, as well as interviews and discussions with a broad range of stakeholders.

24. As requested by the Security Council in its resolution 1854 (2008), the Panel has collaborated with the Group of Experts on Côte d'Ivoire and the Kimberley Process. The Panel and the Group of Experts conducted a number of joint missions (to Belgium, Guinea and Liberia), and the Panel participated in the 2009 Kimberley Process review visit to Liberia, in the activities of the Kimberley Process Friends of Côte d'Ivoire and in the Kimberley Process plenary meeting, held in Namibia from 2 to 5 November 2009.

A. Developments in the diamond sector

25. According to data supplied by the Government Diamond Office, Liberia issued 48 Kimberley Process certificates authorizing the export of just over 18,000 carats of rough diamonds valued at almost $7.4 million during the first three quarters of 2009 (see table 1). The Government has earned almost $222,000 in royalties from those exports.

Table 1
Exports of rough diamonds for the first three quarters of 2009
(Value in United States dollars)

Period	*Certificates (number)*	*Weight (carats)*	*Total value*	*Value per carat*	*Royalty*
January-March	10	1 521.78	1 281 850.40	842.34	38 455.51
April-June	18	6 665.73	3 662 923.23	549.52	109 887.70
July-September	20	9 851.33	2 453 812.68	249.08	73 614.38
Total	**48**	**18 038.84**	**7 398 586.31**	**410.15**	**221 957.59**

Source: Government Diamond Office statistics.
Note: Liberia cancelled three additional certificates during this period.

26. Since commencing exports in September 2007, Liberia has issued a total of 132 Kimberley Process certificates authorizing the export of 86,745 carats of rough diamonds valued at just over $19.9 million (see table 2). The Government of Liberia earned just under $600,000 in royalties during this period.

Table 2
Liberian diamond exports, 1 September 2007 to 30 September 2009
(Value in United States dollars)

Period	*Certificates*	*Weight (carats)*	*Total value*	*Value per carat*	*Royalty*
September-December 2007	16	21 699.74	2 657 541.58	122.47	79 726.25
2008	68	47 006.50	9 891 785.34	210.43	296 753.56
January-September 2009	48	18 038.84	7 398 586.31	410.15	221 957.59
Total	**132**	**86 745.08**	**19 947 912.13**	**229.96**	**598 437.40**

Source: Government Diamond Office statistics.

27. The Panel notes that the volume of exports for the first three quarters of 2009 is low in comparison with the same period of 2008, during which diamonds totalling 42,475 carats were exported. However, the average value per carat has increased significantly during the present calendar year owing to the export of more valuable diamonds. The average during the first nine months of 2009 was $410 per carat compared with $210 per carat in 2008.

28. The number of licensed diamond dealers (exporters) has decreased. In 2008, 23 licensed dealers exported diamond shipments whereas 14 dealers exported shipments during the first nine months of 2009. Just three companies exported almost 80 per cent (or $5.88 million) of the total value during the first nine months of 2009. A number of companies have not exported the legally required minimum of $100,000 per quarter and should be subject to fines, according to Liberian law. As at 16 November 2009, there were only eight diamond dealers with current licences.

29. The Panel has not obtained recent information on the number of class C artisanal diamond mining licences issued by the Ministry of Land, Mines and Energy, despite requests for this information to be shared with the Panel and the

2009 Kimberley Process review visit team. The Panel notes that there is still a significant problem with unlicensed mining activities, in both the diamond and gold sectors, and acknowledges the challenges that Liberia faces with regard to the licensing of artisanal alluvial miners. Nevertheless, the Deputy Minister for Lands, Mines and Energy and the country's Kimberley Process focal point informed the Kimberley Process at its plenary meeting in November that Liberia had licensed all of its miners in response to the 2009 review visit report.

30. As noted in the Panel's midterm report, there were 11 class B diamond mining licences as at early April 2009 (see S/2009/290, para. 26). According to data provided by the Assistant Minister of Exploration, the Ministry had issued 34 exploration licences for mining activities to 21 companies as at 12 March. It is not clear from the list how many of those were for diamond exploration. The Assistant Minister informed the Panel in May 2009 that at least one licence granted to Texas International Group was being reviewed because of allocation problems.

31. The Deputy Minister of Finance informed the Panel and the Kimberley Process review visit team that there was a significant problem with the issuance of fake flag receipts for alleged payments for mining licences. She also noted that this issue was pervasive across Government ministries and that they were working to find a solution. A comparison between Ministry of Finance figures for paid diamond royalties and those from the Ministry of Lands, Mines and Energy showed that they appeared to match, an indication that the collaboration between the ministries on issuance of Kimberley Process certificates was working.

32. The Chair of the Working Group of Diamond Experts announced at the Kimberley Process plenary meeting that a parcel of diamonds confiscated in Dakar in November 2006 had been identified as being of Liberian origin. Thus, the shipment of just over 929 carats of diamonds had been in violation of the United Nations sanctions on Liberian diamonds in effect at the time.

B. Assessment of compliance

33. In past assessments, the Panel found that Liberia had complied generally with the Kimberley Process Certification Scheme requirements, although it also identified some major challenges and made some recommendations for improvement. Similarly, the 2008 Kimberley Process review visit concluded that Liberia had met the minimum requirements of the Certification Scheme, but emphasized that it could not afford to be complacent. The 2008 review visit team made extensive recommendations with a view both to ensuring continued compliance and improving the operation of the Certification Scheme (see S/2008/785, annex II).

34. The Panel's assessment, as at November 2009, is that Liberia: (a) is in serious danger of non-compliance in some areas, particularly with respect to the implementation of its system of internal controls; and (b) is not in compliance with provisions regarding data maintenance and sharing. The Panel's assessment is more negative than that of the 2009 review visit team, which concluded that Liberia had continued to meet the minimum Kimberley Process requirements but that in some cases it had only barely met those requirements.

35. The difference in the assessments is due to the results of continued investigations and analyses carried out since the review visit of May 2009. The results of the Panel's continued investigations have raised further concerns about the commitment of the Ministry of Lands, Mines and Energy to implement the Certification Scheme and the lack of progress in addressing clearly identified problems with data-sharing. The results of joint investigations with the Group of Experts on Côte d'Ivoire indicate that there may have been a relocation of companies within the region as well as the presence of regional trade networks (see S/2009/521, paras. 321-328). Those investigations also have raised concern that there may have been infiltration of Ivorian diamonds into Liberia's official exports (see para. 56 below).

36. The Panel agrees with the review visit team's conclusion that in Liberia internal controls fall short in some areas of the Kimberley Process administrative decision on internal controls and Moscow declaration on improving internal controls over alluvial diamond production. Both the Panel and the review visit team have received strong indications that a substantial proportion of the diamonds extracted in Liberia are not being exported under the Kimberley Process Certification Scheme.

37. The Panel concurs with other key findings of the 2009 review visit, namely, that: (a) there is a significant need for improvement in internal controls, without which continued compliance with Kimberley Process minimum standards cannot be achieved; (b) significant progress cannot be piecemeal; it requires all relevant parts of the Government of Liberia and other actors to coordinate with each other to ensure a cohesive and effective system; and (c) diamond export and production figures have to be accurately obtained and tracked through monitoring of the chain of the custody from the mining pit to the point of export. The Panel notes that the review visit team of 2009 did not recommend a follow-up visit in 2010, but did recommend that the Government of Liberia focus on implementing recommendations from the 2008 and 2009 reviews, with the Kimberley Process focal point providing semi-annual updates to the Chair.

38. While the Panel recognizes the challenges faced by the Government in implementing its Kimberley Process Certification Scheme system, the potential consequences of non-compliance include the sale of diamonds outside of the system (and the loss of much-needed Government revenue) and the infiltration of Ivorian diamonds that are under United Nations sanctions.

39. A summary of the Panel's key findings is set out in table 3. The following paragraphs provide more details on Liberia's political commitment to the Kimberley Process Certification Scheme, implementation problems in the internal control system, data requirement issues, concerns regarding regional networks and illicit sales of diamonds and broader Kimberley Process issues.

Table 3
Implementation of the Kimberley Process Certification Scheme in Liberia

Requirement	*Implementation status*
A participant must ensure that a Kimberley Process certificate accompanies each shipment of rough diamonds on export (sects. II (a) and III (a) of the Certification Scheme).	A review of the Government Diamond Office files indicates that Liberia issues a certificate for each shipment that officially passes through the Office. There are ongoing concerns that diamonds are being exported outside the system and thus without certificates.
A participant must ensure that each import is accompanied by a Kimberley Process certificate, that confirmation is sent to the exporting authority and that the certificate is kept for three years (sect. III (b)).	Liberia has had two imports, neither of which was reported to the exporting Kimberley Process authorities or the website of the Process. In addition, Liberia has had a re-import that was not accompanied by a certificate from the returning country. These cases are the cause of some discrepancies in trade data.
Each participant should ensure that no shipments of diamonds are imported or exported to a non-participant (sect. III (c)).	The Government Diamond Office records indicate that all official shipments have been exported to participants.
Participants must design an internal control system to eliminate the presence of conflict diamonds from shipments (sect. IV (a)).	Liberia has a system of viable internal controls, which it is implementing with mixed success. While more detailed procedures are now on paper, concerns include potential abuse of the chain-of-custody system, emerging evidence regarding trading networks in the region and potential infiltration of Ivorian diamonds.
Maintain appropriate and dissuasive penalties (sect. IV (d)).	The appropriate law is in place and it contains provisions for issuance of fines for transgressions. The Ministry arrested an unlicensed dealer in June 2009 for attempting to buy illicit diamonds. The Ministry issued a new licence to a previous dealer who had exported a shipment without a certificate.
Collect and maintain production, import and export data and collate and share it (sects. IV (e) and V (b) and annex III).	The Government Diamond Office maintains export statistics and uploads them to the Kimberley Process statistics website, although there are discrepancies between those statistics and the Office's data. The Office is not collecting real production data. It has not shared import data with the Certification Scheme and does not appear to reconcile statistics with trading partners (in accordance with technical guideline 14).

Requirement	*Implementation status*
Cooperation and transparency (sect. V).	Liberia is engaging actively in international dimensions of the Kimberley Process. A Deputy Minister led the review visit to Zimbabwe in June, and Liberia has offered to host a regional meeting focused on improving the implementation of the Certification Scheme in West Africa. However, cooperation between the Ministry and enforcement agencies is lacking in Liberia itself.
Administrative matters (sect. VI).	Liberia submitted its 2008 annual report. It will now need to submit reports every six months to the Kimberley Process Chair on the implementation of recommendations from the 2008 and 2009 review visits.

Source: Panel of Experts on Liberia.

C. Political commitment

40. After the lifting of sanctions and the admission of Liberia to the Kimberley Process, Liberia initially demonstrated its commitment to the internal control system and to the Certification Scheme. The Panel has, however, witnessed an overall reduction in the political commitment to the Scheme during the past 12 months, despite progress in some areas. As discussed above, Liberia is barely meeting the minimum requirements of the Certification Scheme and in some cases is not in compliance with minimum requirements.

41. The Panel acknowledges the important action of the Government of Liberia in inviting the Kimberley Process to conduct a second review visit within two years, especially given the broad suite of recommendations made by the review visit team in 2008. The Panel concurs, however, with the 2009 review visit team that the visit, conducted from 18 to 22 May, was a disappointment in many ways.

42. The Ministry of Land, Mines and Energy did not prepare adequately for the visit and did not provide requested background materials for the team's use in advance. Nor did the Ministry provide a presentation or overview during the visit of the progress made in the 12 months since the previous visit and on how the Ministry was addressing the concerns and recommendations of the 2008 team. Such actions would have facilitated the review. Rather, the Government Diamond Office did not provide — until pressed — relevant papers to the team, including its 2009 general procedures manual, and the Ministry made no effort to highlight successes.

43. While there were many problems with the scheduling of meetings, of particular note was the alleged scheduling of a meeting of the high-level Presidential Task Force on Diamonds, an event which did not occur. The Panel and members of the 2009 review visit team later learned that many of the would-be attendees from outside the Ministry, including the Special Representative of the Secretary-General for Liberia and the senior economic officer from the United States Embassy, had not received invitations to such a meeting.

44. In addition, the field visits during the review visit were not well-organized. Not all Ministry staff treated the field visits seriously, with the result that one field trip team departed very late for a destination that required a four-hour journey in each direction. During the field visits, staff members at regional diamond offices were often ill-prepared. (For example, staff in Wiesua were unable to find keys and had to crawl through the office window to retrieve documents.) In one case, Kakata office staff members were not in attendance and could not be reached by phone.

45. The Panel is also concerned that Ministry of Lands, Mines and Energy does not always implement the mining laws and regulations. In some cases there are noticeable violations of law. For example, the Panel (and members of the 2009 review visit team) visited a mining area outside Wiesua where there were multiple class C claims being operated by one operations manager. The Panel noted the presence of heavy equipment on the site and the obvious use of the equipment to build roads on and around the site (see figure I).

Figure I

Photographs of heavy equipment and road-building at class C mining claims, Wiesua

Source: Panel of Experts on Liberia, May 2009.

46. The Ministry appeared to be taking no action regarding the operator's use of heavy equipment, despite the fact that a regulation developed to allow class C miners to use such equipment had been cancelled immediately after its publication, in March 2008, owing to criticism from the Presidential Task Force on Diamonds, according to the Government's response to the 2009 review visit report.[1] When the Panel discussed the issue with the Deputy Minister and a European Commission technical adviser on 17 November, they argued that this was a grey area. The Panel remains unclear as to where the grey area is given that there is no regulation authorizing the use of heavy equipment.

47. The 2008 review visit team recommended that the Ministry increase cooperation both within Ministry departments and with other agencies. The manager of the Government Diamond Office reports that there are still communication problems with the Bureau of Mines, which oversees the issuance of mining, broker

[1] The Panel was at a public meeting in March 2008 in Kungbor, in western Liberia, at which the Minister of Lands, Mines and Energy announced that the regulation had been cancelled, only a few days after its publication in local newspapers.

and dealer licences. Most troubling, however, is the apparent lack of involvement and cooperation with the Liberian National Police and the fact that the police do not appear to have been engaged directly by the Ministry. During an official visit in late May, the review visit team noted a low degree of awareness within the Liberian National Police of the Kimberley Process Certification Scheme and mining law.

48. The Panel notes that many stakeholders have complained about transparency in the mining sector and the inability to obtain information from the Ministry of Lands, Mines and Energy or the companies operating in their counties. This situation creates tension and the potential for conflict. Unfortunately, Ministry officials reacted negatively to an attempt to discuss this issue at the end of the review visit.

49. The Panel is concerned that political commitment to the Kimberley Process within Liberia has waned since the lifting of sanctions, and progress has slowed noticeably during the past year. The Panel notes that the Presidential Task Force on Diamonds, which has played an important role in bringing together all Government and external agencies involved in establishing a regulatory system in Liberia that is in compliance with the Kimberley Process, has not met since September 2008, although the Task Force had agreed at that time that a technical committee should meet monthly and that the Task Force should meet quarterly. The technical committee has had four meetings, the last on 5 March 2009, when the Deputy Minister of Planning committed to developing further the Ministry's workplan so as to implement the recommendations of the 2008 review visit team (see S/2009/290, para. 30).

50. The Panel takes note of the fact that the President of Liberia has expressed an interest in taking the lead on a regional initiative to improve the implementation of the Certification Scheme in the region. However, the Panel believes that regional-level activities should augment, not replace, national-level commitment and action to implement the Scheme. The commitment of Liberia needs to be renewed given indications of an expansion of diamond mining in the Séguéla area of northern Côte d'Ivoire (see S/2009/521, paras. 266-271) and the potential for the smuggling of those conflict diamonds.

51. The Panel met with the Deputy Minister of Planning on 17 November and discussed the major conclusions of the Panel. The Deputy Minister complained that the Liberian system of internal controls was very robust but that it was difficult to implement. He further stated that perhaps the Ministry of Lands, Mines and Energy should change its approach in the future and refuse to implement recommendations of the Panel and the Kimberley Process.

D. Concerns regarding the internal control system

52. The Panel has previously reported various problems with the implementation of internal controls in Liberia, such as errors on vouchers and receipts (see S/2007/689, paras. 42-44). During visits to regional diamond offices, the Panel has noticed an improvement but notes that there are still some problems with record keeping and the issuance of diamond vouchers to miners with expired licences. The Panel and the 2009 review visit team also noticed a continued problem with the flow of vouchers and monthly reports to Monrovia, despite the appointment of two regional diamond officers (see S/2008/371, paras. 128 and 131).

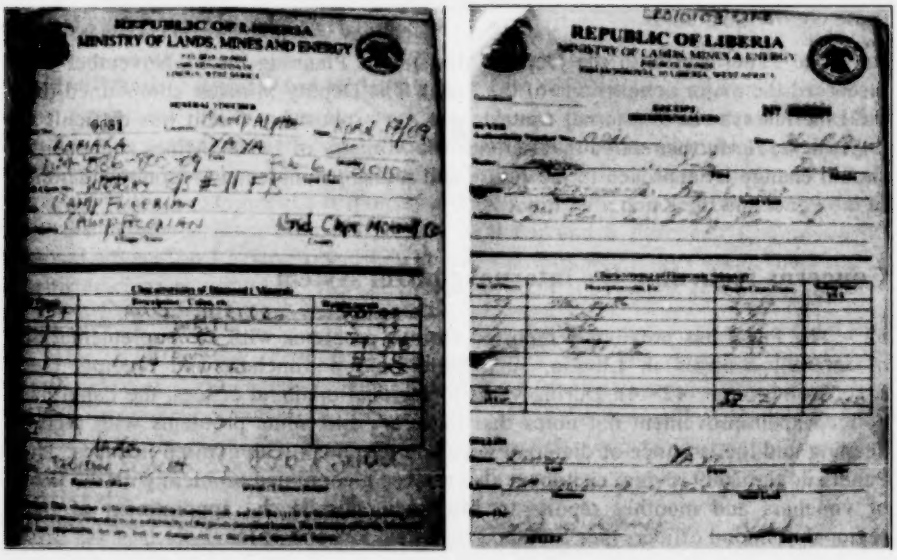
53. It is not yet possible to conduct a thorough review of the functioning of the internal control system, as the Government Diamond Office database does not yet permit analysis of links between vouchers, sales receipts and Kimberley Process certificates. However, such analysis is essential given that the Panel has identified various issues that require further investigation. These include a large volume of diamonds flowing from some mining claims for very short periods of time prior to complete inactivity and diamonds registered on vouchers that do not appear to have been subsequently bought and exported by dealers. The Panel is concerned that actors have discovered various ways to circumvent or abuse the rules and are committing fraud in the chain-of-custody paperwork. The following example is illustrative.

54. On 1 May 2009, the Panel visited the Government Diamond Office while a valuation was under way. The Panel recognized one of the persons present as being engaged by Yuly Diamond Company, a licensed dealer and exporting company owned by Mustapha Tounkara, Youri Freund and Shimon Freund. The Panel did not know the two individuals who accompanied him. The Panel engaged one of the two persons in a discussion to determine who they were. They informed the Panel they were not dealers but were considering becoming dealers. They told the Panel that in the meantime, they were going to carry the shipment of diamonds then being valued to the United Arab Emirates and then on to Gujarat, in India, where they had a polishing factory.

55. The Panel reviewed the documentation for the shipment on 21 May. An analysis of the documents revealed that the shipment, authorized by the Kimberley Process, was linked to two dealer receipts that were both linked to one mining voucher. The Panel noted that both mining vouchers were registered at Camp Alpha regional diamond office, which is a considerable distance from Monrovia, and that both the mining voucher and its attendant dealer's receipt were dated 17 April 2009 (see figure II). The likelihood of a miner registering his diamonds at Camp Alpha and selling them the same day in Monrovia is highly suspicious.

Figure II

Photographs of diamond voucher (left) and dealer's receipt (right)



Source: Panel of Experts on Liberia.

56. Further investigations carried out in late June 2009 with the Group of Experts on Côte d'Ivoire indicated that diamonds in that shipment were morphologically similar to Ivorian diamonds, which is suspicious given that the vouchers indicate that the diamonds originated in western Liberia (see S/2009/521, para. 323).

57. The Panel attempted to discuss this issue with the Deputy Minister of Mines in late September 2009, but he was unavailable. When the Panel discussed the issue with the manager of the Government Diamond Office, however, it was concerned at the manager's reaction, which was to state that the potential entry of conflict diamonds into the system was the concern of the importers. The Panel pointed out that as a Kimberley Process participant, Liberia was obliged to do all it could to prevent the entry of conflict diamonds into its system.

58. The Panel notes that the General Auditing Commission of Liberia, in a report on the Ministry of Lands, Mines and Energy, concluded that the issuance of a Kimberley Process certificate for the illegally exported package of rough diamonds in 2007 (see S/2009/290, para. 28) appeared to be a violation of the Kimberley Process Certification Scheme and internal controls in Liberia. As the Government of Liberia had claimed that the Chair of the Kimberley Process had approved the action in November 2008, the Panel sent a letter to the Chair to verify the claim. As the Panel did not receive a response, it made enquiries with relevant parties during the Kimberley Process plenary meeting in Namibia and finally, on 11 November, obtained from the Israeli Kimberley Process authority, a copy of an e-mail message from the Indian Chair of the Process confirming that he had approved the action.

E. Data requirements

59. As noted in paragraph 34 above, the Panel is of the opinion that the Government is not in compliance with some provisions regarding the maintenance and sharing of data. The Panel's concerns relate both to the Government Diamond Office's failure to verify data shared with the Kimberley Process and to the continued lack of production data. Although the Panel recognizes the challenges Liberia faces in documenting alluvial diamond production, the Panel is concerned that the Ministry has not made noticeable improvements in this area since the 2008 and 2009 Kimberley Process review visits.

60. As a participant in the Kimberley Process, Liberia must maintain and share both production and export data and certificate counts. The Government Diamond Office maintains and reports data to the Kimberley Process website. However, the Panel notes that the manager of the Office, who is responsible for this task, does not appear to verify that the data are consistent with the Office's internal statistics. During the 2009 Kimberley Process review visit, the team worked with one of the technical advisers provided by the European Commission and the manager of the Government Diamond Office to review discrepancies in the data, including a difference between the reported 53 Kimberley Process certificates versus the Office's record of 68 shipments.

61. The Panel has been assured on a few occasions since the 2009 review visit that the statistics had been updated, and the Government of Liberia claimed to have made the corrections in its response to the review visit report. However, during a review of data available on the Kimberley Process statistics website in late October 2009, the Panel discovered there were still many discrepancies. For example, the

Government Diamond Office has never submitted the import figures for 2007 and 2008 and the Kimberley Process certificate counts remain as they were in May 2009 (see table 4). Thus, the Government Diamond Office does not appear to have reviewed the accuracy of its trade and Kimberley Process certificate count data posted on the statistics website since the 2009 review visit, despite the considerable efforts expended during the visit to investigate and reconcile discrepancies with staff members of the Office.

62. The Panel reported previously that Liberia had received two imports from other participants (see S/2008/371, paras. 133-137, and S/2008/785, para. 25). In fact, two exports to Liberia (one from Switzerland in 2008 and one from the European Union in 2007) have been officially recorded. In addition, one shipment sent to China was returned without a Kimberley Process certificate issued by China, which is thus registered in the statistics as a shipment exported by Liberia but never received at the destination. As noted above, Liberia has failed to upload information on its imports to the Kimberley Process statistics website, which thus contains discrepancies in import-export trade.

Table 4
Comparison of Liberia Kimberley Process certificate counts

Year	*Government Diamond Office data*	*Kimberley Process website*	*Importer reports*	*Explanation*
2007 export data	14	16	13	Liberia has reported two cancelled certificates. One certificate and parcel were returned to Liberia without a certificate from the returning country, resulting in the difference of one certificate after subtracting the two certificates that were cancelled.
2007 import data	—	—	2	Liberia has never provided data to the Kimberley Process website on these two cases.
2008	68	51	51	While there are some discrepancies in trade data in terms of volume and values, the Kimberley Process certificate counts show significant discrepancies from actual Government Diamond Office figures.
2009	48	75	Not reviewed	There may be a problem with the Kimberley Process website data for 2009, but the Government Diamond Office should review its data.

Source: Panel of Experts on Liberia.

63. The Panel notes that the Government Diamond Office manager classifies all export data reported to the statistics website as code 7102.31 under the Harmonized Commodity Description and Coding System (HS). However, Kimberley Process certificates indicate that Liberian diamonds are actually being recorded in all three rough diamond HS codes and that Liberia's trading partners indicate different HS codes. According to a Kimberley Process analysis, there are discrepancies in almost 50 per cent of the HS codes reported by Liberia.

64. The continued lack of production data remains of concern, as the Government Diamond Office has continued to report export data as production data. A comparison of the 2007 and 2008 export data from the Government Diamond Office with the reported production data is provided in table 5, which makes it clear that they are the same figures. The Panel notes that the Auditor-General of Liberia has also reported that the Ministry of Land, Mines and Energy is not compiling production data. While the Government Diamond Office has reported that it is compiling separate production data through the regional diamond offices, the Panel notes that this does not address the recommendations made by the 2008 Kimberley Process review visit team with regard to the development of production data.

Table 5
Comparison of Government Diamond Office export data and reported production data

(Value in United States dollars)

	Export		*Production*	
Period	*Volume (carats)*	*Value*	*Volume (carats)*	*Value*
1 July-31 December 2007	21 699.74	2 657 542	21 699.74	2 657 542
1 January-30 June 2008	25 136.50	5 008 565	25 136.50	5 008 565
1 July-31 December 2008	21 870.00	4 883 221	21 870.00	4 883 221
Total	**68 706.24**	**12 549 328**	**68 706.24**	**12 549 328**

Source: Panel of Experts on Liberia using Government Diamond Office statistics and Kimberley Process statistics website.

Note: The Panel notes that the Government Diamond Office reported 46,888.03 carats of exports for 2008 to the Kimberley Process Certification Scheme, but this figure does not accurately reflect the actual export figures.

65. The Panel notes that some shipments appear not to have arrived at their intended destination. The Panel has confirmed with a few participants that shipments to their countries have not been declared. In the case of two shipments to Israel, Government authorities have informed the Panel that the two supposed companies deny being the buyers/importers for the shipments. As the statistics component of the Kimberley Process Certification Scheme is a tool for identifying potential problems in trade flows, the Panel is most concerned that the Government Diamond Office does not verify its data or attempt to reconcile data with other participants, as recommended in Kimberley Process technical guideline 14.

66. The Panel also notes that in a statistical analysis prepared for the 2009 review visit it was noted that Liberia had declared a stockpile of 12,100.55 carats at the plenary meeting held in November 2008. Those statistics have been added to the

total production, although they had already been included by Liberia in its export and production figures for 2007. The Panel is concerned that the Ministry did not correct this discrepancy or point it out to the review team when it responded to the draft review visit report.

F. Concerns about miners, dealers and trading networks

67. The Panel has reviewed the available data on mining companies and diamond dealers currently operating in Liberia and notes that there are unsavoury characters operating in the mining sector and the diamond trade in Liberia. For example, Global Marketing (Liberia) Inc. was co-owned by Vahagn (Victor) Poghosyan, who ended up being deported from Liberia in 2009 for various criminal activities, according to the Liberian National Police. The representative of another company, Subsea Resources, is allegedly in jail in the United Kingdom (the Panel notes that this company never reported its re-import from Europe of diamonds originally exported from Liberia).

68. There are more examples, including Youri Freund, one of the three owners of Yuly Diamond Company, who was arrested in Mali in 2004 for transporting diamonds without a Kimberley Process certificate. As reported by the Group of Experts on Côte d'Ivoire, another individual may be operating in Liberia who has the same name as an individual implicated in the Peri Diamonds case for smuggling diamonds from Côte d'Ivoire into Ghana (S/2009/521, paras. 321-328). The Panel notes that Balaji Gems, which had been the subject of concern in past investigations regarding the smuggling of Ivorian diamonds through Ghana, has not continued its diamond operations in Liberia since the export of two large shipments immediately after the lifting of sanctions in Liberia. Past political figures are also active in the diamond sector, for example, former President Moses Blah has a 5 per cent share in Kratos International Inc.

69. The Panel also notes that there is considerable evidence that unlicensed dealers and brokers are operating in Liberia. The Ministry arrested one unlicensed Russian national on 11 June 2009 for attempting to buy illicit diamonds. According to a Ministry press release of 15 June, police investigations led to the Russian dealer being charged with illegal possession and trading in diamonds. According to a Liberian National Police detective, the sale of diamonds is commonplace and people are arrested only when they do not agree to pay officials.

70. The detective was able to arrange a potential deal with an illicit broker for the purchase of approximately $300,000 in rough diamonds outside of the official Kimberley Process Certification System. The detective informed the Panel that there is a system of illicit buyers who wait in hotels and put out word that they are prepared to buy stones. A number of licensed diamond and gold dealers have confirmed that illicit buying continues and that such exchanges often take place in hotels. One dealer informed the Panel that he had had a visit from a dealer who had previously operated in Liberia who had returned and was operating without a licence. According to those dealers, the unlicensed dealers can afford to pay more for diamonds because of their lower operating costs.

71. Given the United Nations sanctions on Ivorian diamonds, the increased production of diamonds in Côte d'Ivoire presents heightened challenges to the Government of Liberia and other countries in the region. In addition, the Panel

considers the apparent presence of regional trade networks a potential threat to the integrity of the Kimberley Process Certification System not only in Liberia but in the West African region as a whole and it requires increased, not decreased, attention from Liberia.

G. Broader issues regarding the Kimberley Process

72. The Panel's working relationship with the Kimberley Process has been generally good. The Panel has requested assistance and been provided with statistics and a West African analysis. The Panel has also requested that the Kimberley Process Working Group of Diamond Experts assist it with the creation of an export footprint using data obtained from the Government Diamond Office in Liberia. The Chair of the Working Group assured the Panel on 5 November that the creation of the footprint was his next priority (the situation in Guinea had been the initial priority given a recent rapid increase in export volumes).

73. However, the Panel notes that communication with the Kimberley Process Chair has been problematic over the past year and that it has not received answers to its letters. The Panel never officially received access to the statistics website to conduct its final analysis of Liberia's compliance with the requirement to share data, as the Kimberley Process had a pending administrative decision on sharing information with the United Nations (see next paragraph). Instead, the Panel had to obtain access through an unofficial route in order to conduct its analysis of Liberia's compliance with data-sharing requirements.

74. In order to have guidelines for sharing information with panels and groups of experts established by the Security Council, the Kimberley Process drafted an administrative decision on sharing information with United Nations bodies. During the 2009 plenary meeting, the Panel attended a session of the Kimberley Process Committee on Rules and Procedures to provide information on the role of United Nations sanctions committees and panels and groups of experts in implementing Security Council resolutions related to sanctions. The Kimberley Process plenary adopted the administrative decision regarding the sharing of information with United Nations bodies on 5 November.

75. While the Panel appreciates the efforts and hard work of the Kimberley Process and various participants and observers who drafted the decision, the Panel is concerned about the language of the final decision given its strict confidentiality requirements and the ability for participants to object to the sharing of information, although it is hopeful that future information requests will be met and that collaboration remains open and cooperative between panels/groups of experts and the Kimberley Process.

76. The Panel notes that the Kimberley Process plenary approved an administrative decision on cooperation pertaining to the implementation and enforcement of the Kimberley Process Certification Scheme. The Chair of the Working Group on Monitoring informed the Panel that this initiative grew out of the Panel's recommendation to the Kimberley Process to develop guidelines for national authorities on how to deal with suspicious and problematic shipments (see S/2008/371, para. 218). The Panel considers this a positive step towards providing guidance to participants on how to improve the implementation and enforcement of the Certification Scheme at the national level.

77. The Panel notes that the situation in Zimbabwe dominated the agenda at the November 2009 plenary meeting, leaving little time for attention to the situation in West Africa. However, given the increased mining activities in Côte d'Ivoire, the outcome of the analysis of Guinean exports and evidence of the smuggling of Ivorian diamonds, concerted efforts throughout the region, including in Liberia, are required to prevent Ivorian diamonds from entering the legal diamond trade.

V. Forestry

78. The Security Council initially allowed timber sanctions to expire on 21 June 2006 and confirmed the lifting once Liberia enacted its National Forestry Reform Law in October 2006. The National Forestry Reform Law and the 10 core regulations of the Forestry Development Authority (FDA), which entered into force on 11 September 2007, now constitute the legal framework for forest management in Liberia. In its resolution 1854 (2008), the Security Council stressed that Liberia's progress in the timber sector must continue with the effective implementation and enforcement of the National Forestry Reform Law.

79. In conducting its assessment of the implementation and enforcement of the law, the Panel built on its previous assessments in the areas of community rights, conservation and commercial forestry. It focused predominately, however, on the commercial concession allocation process and requirements for transparency and public participation.

A. Community forestry and conservation

80. The National Forestry Reform Law contains a number of requirements with regard to community rights and the conservation of biodiversity. FDA was required to develop and submit legislation on wildlife conservation and protection to the Legislature by October 2007. As reported previously (see S/2009/290, para. 84), FDA was planning to vet a draft framework law for wildlife conservation and protection. The acting Managing Director of FDA informed the Panel on 31 August 2009 that FDA had vetted the draft law but that the consultation document was not yet complete. In addition, a consultant has developed a draft law for the creation of a protected area at Lake Piso, Grand Cape Mount County.

81. The Liberian Legislature passed the community rights bill with respect to forest lands in late September 2009, and it was approved by the President on 16 October. The act defines community forestry lands and guarantees communities a minimum of 55 per cent of revenues generated from commercial logging on their land. While the Panel has not yet had time to review the act in its entirety, it notes some areas of concern, including the potential for confusion and conflict with regard to commercial logging activities on community land. In addition, the Panel considers it highly problematic that members of the Legislature have provided themselves with guaranteed seats in management structures related to community forestry.

82. The Panel is concerned that FDA employees have apparently already begun discussions with timber companies regarding potential areas for commercial logging activities on community forestry land. In addition, the documentation shown to the

Panel in one case indicates that an FDA employee favoured charging a company a consultation fee of $2,000 before even beginning negotiations. The Panel finds such a report extremely troubling.

B. Status of commercial forestry concessions

83. The National Forestry Reform Law defines a process for awarding forest resource licences, including timber sales contracts (for areas of up to 5,000 hectares) and forest management contracts (for areas of 50,000 to 400,000 hectares). The process involves a number of major steps, including the pre-qualification of companies which are then entitled to bid on commercial timber concessions through an allocation process. In their entirety, these various requirements are intended to ensure that the allocation of commercial timber concessions occurs in a transparent and fair manner, which should increase revenues for the Government of Liberia.

84. The Government has overseen allocation processes for six timber sales and seven forest management contract concession areas since the passage of the National Forestry Reform Law. The first three forest management contracts were signed by the President and ratified by the Legislature in late May 2009. The President signed the three acts into law on 27 May. The allocation process for the next four forest management contracts was undertaken between February and August 2009. The concession areas were awarded in late August, and the President signed the contracts in September. The Legislature ratified the four contracts on 23 September, within 24 hours of hearings, which generated considerable controversy among civil society. The President signed the acts into law on 30 September.

85. A summary of the status of each forest licence (concession) area is provided in table 6. Pre-felling operations are under way in a number of concession areas. One company, B&V, commenced felling logs prior to paying and prior to finalizing all pre-felling requirements. FDA has halted the company's logging activities. Tarpeh Timber has paid a fine for the illegal felling of timber outside its concession area (see S/2009/290, para. 47). It commenced sawing logs without a sawmill permit, which FDA provided after the fact. As at 16 November, the company had seven containers of logs at the port in Monrovia awaiting export.

86. The Panel notes that there have been problems associated with pre-felling requirements, including the completion of social agreements, environmental impact assessments and annual operation plans. There have been complaints about the negotiation of social agreements. The Panel's review of available social agreements reveals that most contain the same provisions and even the same handwriting as documents summarizing community requests. One Community Forestry Development Committee registered an official complaint with FDA in August regarding alleged lack of compliance of the company with the terms of its social agreement.

Table 6
Status of forest licences

Contract area	*Contract holder*	*Contract in effect*	*Fees paid*	*Social agreement*	*Other pre-felling activities*[a]	*Felling operations*	*Notes*
TSC A2	Tarpeh Timber	Yes	Yes	Yes	Yes	Yes	Illegally felled trees and paid fine. Began to saw timber without a sawmill permit.
TSC A3[b]	Tarpeh Timber	No					Not in effect.
TSC A6	B&V	Yes	No	Yes		No	FDA not able to provide current update.
TSC A7	B&B	Yes	Yes	Yes		No	
TSC A9	B&V	Yes		Yes	Under way	No (but see notes)	Started logging prior to approval; FDA stopped them.
TSC A10[b]	B&V	No					Not in effect.
FMC A	Alpha Logging & Wood Processing Corporation	Yes	Yes	One out of two	Under way	No	Requires a social agreement with Gbarpolu communities.
FMC B	EJ&J Investment Corporation	Yes	Partial	Yes	Under way	No	EJ&J has reportedly sold 30 per cent of shares to another company, Malavasi. They will require a new pre-qualification certificate.
FMC C	Liberia Tree & Trading	Yes	No	Yes	Under way	No	Investor pulled out.
FMC F	Euro Liberia Logging	Yes	No	No	No	No	No pre-felling operations allowed until fees paid.
FMC I	Geeblo Logging	Yes	No	No	No	No	No pre-felling operations allowed until fees paid.
FMC K	International Consultants Capital	Yes	No	No	No	No	No pre-felling operations allowed until fees paid.
FMC P	Atlantic Resources	Yes	Yes	No	No	No	—

Source: Panel of Experts on Liberia based on information from FDA, the Société Générale de Surveillance and some companies.
Abbreviations: TSC, timber sales contract; FMC, forest management contract.

[a] Other pre-felling activities include block mapping, an annual operating plan, an environmental impact assessment and, in the case of forest management contracts, a forest management plan.

[b] Timber sales contracts A3 and A10 have not yet been signed owing to lack of ability of companies to pay fees.

87. The Panel has reviewed a number of documents related to the issuance of the contracts to determine whether the concessions were allocated in accordance with the legal framework. Based on the Panel's assessment of requirements of the National Forestry Reform Law versus actual decisions made, a number of fundamental steps were disregarded. Many important criteria are being ignored, and in some cases the contract awards have been the subject of legal challenges. The main problems are summarized below.

88. During the process of allocating the four large forest management contracts, the bid evaluation panel appears to have disregarded the technical and financial criteria in the bid documents that were intended to guide the review of bids. Notably, the bid evaluation panel recommended one company, Euro-Liberia Logging, over a more highly ranked bidder (Atlantic Resources) for forest management contract area F, even though Euro-Liberia Logging had not met the reserve bid, which is a basic criterion for assessing bids. The bid evaluation panel also recommended that the Government negotiate a different bid price with Euro-Liberia Logging.

89. The Government appears to have conducted the negotiations, as the final contract with the company specifies $10.05 per hectare of the concession on an annual basis, versus the initial bid of $6.46 per hectare. The Panel does not understand how such an action is consistent with the Public Procurement and Concessions Commission Act requirements to have open and competitive bidding. The reserve bid was $7.01, and Atlantic Resources, the highest-ranked bidder, offered $8.00 per hectare. The Panel notes that Euro-Liberia had not yet paid those or any other fees as at 25 November (see para. 96 for further details).

90. The bid evaluation panel made the recommendations subject to due diligence. Nevertheless, companies that do not appear to meet the minimum standards set out in regulations and bid documents are being pre-qualified and awarded contracts. The Panel reviewed a random sample of pre-qualification files in late May and discovered that many of the basic documents required for pre-qualification were missing (for example, affidavits signed by significant individuals). The due diligence report from May states clearly that much of the documentation required to assess companies was not available or did not demonstrate that the companies met the minimum standards set out in the bid documents.

91. The bid evaluation panel recommended that the Government not issue half of its forest to one company, a policy recommendation outside of the terms of reference for a technical panel. The Panel of Experts notes that the Inter-Ministerial Concessions Commission, which reviews the bid evaluation panel's report, overturned the panel's recommendation regarding forest management contract K and awarded the contract to International Consultants Capital rather than Southeast Resources while accepting the recommendation to award concession area F to Euro-Liberia Logging.

92. Variations from the published criteria and legally required processes have resulted in complaints and legal challenges. According to the Public Procurement and Concession Commission, three companies (Atlantic Resources, Southeast Resources and Unitimber) filed complaints against the awarding of three contracts. The Commission's Complaints, Appeals and Review Panel reviewed the case filed by Southeast Resources and ruled in its favour, citing clear breaches of the bidding

rules, but decided to hold off on reviewing the other two complaints after the Legislature ratified the Euro-Liberia Logging contract despite the ruling.

93. Following up on their complaints, the three companies all filed petitions for writs of prohibition with the Supreme Court. The Supreme Court justice declined to issue a writ of prohibition in favour of the companies, but he provided no details on the ruling (see annex II). The companies still have an opportunity to appeal to the entire bench. The Panel does not know whether the companies plan to take further action.

C. Implications for Liberia

94. In its midterm report, the Panel discussed the potential impact of delays and problems with the concession allocation on Government revenues. For the 2009/10 fiscal year, the Government has projected revenues of $23 million (see table 7). Those projections are based on the start-up and operations of the six timber sales contracts and seven forest management contracts already allocated, as well as an additional four timber sales contracts. The outcome for fiscal year 2009/10 is not yet certain, however. The potential result of concession allocation to companies that are not technically and financially capable is the delay in the payment of and possible loss of revenues to the Government. The Panel notes that Société Générale de Surveillance, the chain-of-custody contractor, has estimated projections of only $13 million for the present fiscal year based on much more conservative estimates for the commencement of felling operations and much lower stumpage and export fees. The Panel notes that only one of the four companies awarded the next concessions has paid. Euro-Liberia, awarded a concession under the usual circumstances (see para. 89), had not yet paid any fees as at 25 November.

Table 7
Projected revenues for fiscal year 2009/10 from the forestry sector
(United States dollars)

Description	*FDA total budget*	*Details*	*Targeted benefits*
Land rental	9.26 million	Forest management contracts: 8.9 million	State (40 per cent): 3.7 million
		Timber sales contracts: 351,225	Counties: 2.78 million
Stumpage	6.56 million	Forest management contracts: 4.48 million	Protected forest area network (10 per cent): 655,628
		Timber sales contracts: 2.07 million	
Log export	5.57 million	Forest management contracts: 3.81 million	Protected forest area network (10 per cent): 557,281
		Timber sales contracts: 1.76 million	
Miscellaneous	1.01 million	Forest management contracts: 749,631	—
		Timber sales contracts: 258,583	
Other	0.6 million	Chainsaw lumber: 580,000	—
		Non-timber forest products: 20,500	
Total	**23 million**	—	**10.48 million**

Source: Panel of Experts on Liberia based on revenue figures provided by the Ministry of Finance. The Panel has calculated the figures for the final column based on legal requirements and the projected revenues.

95. During June and July 2009, Société Générale de Surveillance issued invoices for just over $2.8 million to six companies for three timber sales contracts and three forest management contracts, including the annual contract fee, area fees and land rental bid fees, as required by law. On 6 October Société Générale de Surveillance issued invoices for $9.8 million for the next four forest management contracts. The fees paid and amounts due as at 16 November (including a 5 per cent penalty) are summarized in table 8.

Table 8
Invoices and payments made for forest resource licences as at 16 November 2009
(United States dollars)

Licence	*Company*	*Amount paid*	*Amount overdue*	*Due date (2009)*
TSC A2	Tarpeh Timber	82 455.33	—	—
TSC A7	B&B	23 890.00	—	—
TSC A9	B&V	18 750.00	100 537.50	25 June
FMC A	Alpha Logging	1 497 462.00	—	—
FMC B	EJ&J	216 959.36	227 788.43	21 July
FMC C	LTTC	—	755 396.67	21 July
FMC F	Euro-Liberia Logging	—	3 397 057.13	6 October
FMC I	Geeblo Logging	—	1 830 070.73	6 October
FMC K	International Consultants Capital	—	3 658 384.28	6 October
FMC P	Atlantic Resources	1 361 521.60	—	—
Summary	—	3 201 036.29	9 969 234.74	—

Source: Société Générale de Surveillance.
Abbreviations: TSC, timber sales contract; FMC, forest management contract.

96. Fees on the first round of invoices were due on 20 and 21 August 2009. By the end of September, only one company with a timber sales contract had paid the fees (just over $49,000). Alpha Logging and EJ&J Investment Corporation each paid part of their fees on 21 October, with Alpha Logging paying the rest of its fees at the end of the month. As at 12 November, only one of the winners (Atlantic Resources) of the next four forest management contracts had paid its fees.

97. Further delays or losses have the potential to have an impact on county development funds, community revenues and protected area network management, all of which are entitled to a percentage of the revenues from the forestry sector. The last column of table 7 summarizes the actual revenues that would go to different stakeholders from the area-based fees (40 per cent for the State, 30 per cent for the counties and 30 per cent for communities) from each concession area. It also gives the amounts for the 10 per cent of stumpage and export fees that are intended to support the operational costs of the protected forest area network.

98. The Panel notes that the companies with forest management contracts have substantial commitments to the Government of Liberia, not only in terms of annual area fees, but also concerning commitments to invest in wood-processing facilities (see table 9). The Panel notes that commitments differ significantly, with some holders of small concessions (for example, forest management contracts I and P)

making commitments that are unrealistically high in relation to the commitments made by companies with much larger concession areas.

Table 9
Logging company commitments to the Government of Liberia
(United States dollars)

Licence	*Area (hectares)*	*Bid price*	*Total area fees*	*Commitment to investments for processing facilities*
FMC A	119 240	10.05	1 496 462.00	24.5 million ($2.5 million in 3 years)
FMC B	57 262	5.06	432 900.72	1 million in 2 years
FMC C	59 374	9.60	718 425.40	2 million in 2 years
FMC F	253 670	10.25	3 234 292.50	1.67 million in 2 years
FMC I	131 466	10.75	1 741 924.50	5.88 million in 3 years
FMC K	266 910	10.55	3 483 175.50	10 million in 3 years
FMC P	119 344	8.90	1 360 521.60	22.2 million in 3 years
Total	**1 303 142**		**12 467 702.22**	**67.2 million**

Source: Panel of Experts on Liberia, derived from contract information.
Abbreviations: FMC, forest management contract.

99. As noted in the Panel's midterm report (S/2009/290, paras. 72 and 73), the integrity of the chain-of-custody system was at risk owing to a revenue shortfall resulting from delays in the commencement of logging activities. The Panel can now report that as at the end of June 2009, funding had been secured for the following year. The Government of Liberia has committed $500,000, while the World Bank and the Department for International Development of the United Kingdom have each promised $400,000.

100. During a meeting on 6 October, the Deputy Minister of Finance informed the Panel that proper due diligence on forestry companies was obviously lacking as evidenced by the inability of the companies to make payments on time. She also noted that having legal challenges on 50 per cent of the allocated forest management contracts was a good indicator that there was a problem and that there could in the future be pressure on the Government to cede on payment terms.

101. The Panel notes with concern that companies are already lobbying for reductions in payments. For example, the Panel attended a meeting on 6 October at FDA where companies were asking FDA what had happened to the agreement to reduce the area on which they had to pay land rental fees by 20 per cent. The Société Générale de Surveillance project manager replied that the regulation on invoicing was clear and that the bid documents the companies had signed clearly said that the companies would pay area and bid fees on the entire concession area. The FDA technical manager informed the Panel on 16 November that FDA was still reviewing the law and regulations to see whether the Government could provide a reduction, as FDA thought there was uncertainty regarding buffer and exclusion areas.

102. The Panel notes that there was a significant discrepancy between the projected revenues and actual revenues for the last few fiscal years. According to the Ministry of Finance, revenues for 2008/09 from the forestry sector amounted to $817,035 (see table 10), while Government projections were actually in the millions of dollars for the year.

Table 10
Revenues from the forestry sector, fiscal year 2008/09
(United States dollars)

Revenues from forestry	*Fiscal year 2008/09*
Surface rental	37 500
Stumpage and related charges	673 415
Export fees on round logs	85 517
Export fees on wood	20 603
Total	**817 035**

Source: Ministry of Finance. The Panel notes that the FDA June 2009 financial report reported income of $691,018, including $551,967 in sawn timber revenues and $112,003 in abandoned log fees, as well as $20,731 in non-forest product fees and $6,317 in miscellaneous collections.

D. Access to information and public participation

103. The National Forestry Reform Law contains a number of provisions regarding public participation and access to information. The Panel requested various documents and access to information in order to test two elements: (a) the extent to which FDA has conducted community consultations as required by various provisions of the law; and (b) whether and how FDA provides access to information.

104. The Panel was able to obtain many of the major documents it requested in a letter dated 3 September 2009. However, the Panel had to submit a follow-up letter to FDA before the public relations office would meet, and the Panel had difficulty obtaining a number of background documents related to public consultations. The Panel notes that others, including civil society organizations and the United States Agency for International Development, have also reported difficulties in obtaining data and/or documents from FDA. On the basis of the documents obtained, however, the Panel can confirm that FDA appears to have undertaken consultations to vet laws and regulations, but the Panel is not in a position to verify the accuracy of the information contained in those documents.

105. According to an employee of the Food and Agriculture Organization of the United Nations who has worked with FDA staff members to build capacity in the areas of statistics and data-sharing, FDA has the technical capacity and equipment required to share information on the Internet, as required by law. The Panel notes, however, that as at the end of October, FDA had not yet uploaded most reports and documents (such as bid documents, concession contracts, pre-qualification reports and lists of fees and pre-qualified companies) that would facilitate the sharing of information at least with its stakeholders having Internet access.

106. The Panel has seen various press releases in the national media, such as one including the list of pre-qualified companies (see S/2009/290, para. 45). The Panel has not been able to verify, however, whether FDA has published any revenue figures as required by law, given the difficulty in obtaining information from the FDA public relations office. The Panel has not been able to verify the existence of a forest management stakeholders list, a requirement of FDA regulations.

E. Other issues

107. The Forestry Development Authority advertised a new round of auctions of abandoned logs. The Panel noted that the advertisement stated that all logs would be auctioned at a set price of $5 per cubic metre. FDA provided the Panel with information in early October indicating that the only auction to have taken place was in River Cess County on 11 July, during which the Court auctioned just under 2,415 cubic metres (250 logs) of ekki. Universal Forestry Corporation won the auction with a bid of $16.1 per cubic metre. FDA billed the company on 13 August for just over $38,660 in auction fees and approximately $44,673 in stumpage fees, for a total of $83,334. FDA used a free-on-board unit price of $185 per cubic metre and the correct 10 per cent stumpage fee rate.

108. FDA, with the assistance of the Liberia Forest Initiative (LFI) partners (the United States Forest Service and the United States Agency for International Development) published guidelines for forest management planning in Liberia, which are intended to assist companies with forest management contracts to develop forest management plans as part of the legal requirements of the National Forestry Reform Law and its regulations.

109. The Panel has obtained a final draft report (dated May 2009) of an FDA-commissioned study on pit-sawn timber. The report states that pit-sawing (or chainsaw logging) is happening in all counties and that the total annual harvest is estimated at 280,000 to 650,000 cubic metres. With the commercial annual allowable cut projected to rise to 1.3 million cubic metres as the formal logging sector is re-established, harvesting by chainsaw loggers may be responsible for the unregulated removal of 22 to 50 per cent of the volume. While the sector provides employment and much-needed timber for reconstruction, the current approach to charging only a nominal fee per plank transported rather than the appropriate stumpage and other fees is costing the Government somewhere between $5.5 and $13 million per year in lost revenue.

110. The authors of the study conclude that chainsaw logging is a serious threat to Liberia's aspirations to develop a major timber product export industry. Continued uncontrolled chainsaw logging could threaten the development of a sustainable forest industry, could lead to the rapid depletion of the forests and might be a source of conflict. In addition, chainsaw logging poses challenges for Liberia's chain-of-custody system owing to the sector's informal nature and the difficulties of tagging trees outside of large commercial concession areas.

111. As an example of the challenges faced, the Panel notes that pit sawyers were active again in forest management contract areas B and C as at early September 2009. Companies and communities allege that members of the River Cess legislative caucus are involved and that they obtain a portion of the fees paid by the illegal operators to local communities.

112. The Panel has also obtained a draft study on the state of Liberia's forest and timber productivity. While the report has not yet been peer-reviewed, the results are very disturbing in terms of the potential implication of the report's findings regarding the availability of timber in Liberia's forests. The report states that there is much less forest cover and timber available than the Government estimates. If true, this situation would undercut the Government's projections for timber concessions and revenue streams, as well as for employment from commercial logging.

113. The Government of Liberia has entered into formal negotiations with the European Commission to establish a voluntary partnership agreement, which is a legally binding agreement between the European Union and the producer country. Liberia, through a multi-stakeholder process, must agree on a definition of legality and develop a timber legality assurance system. Liberia and the European Commission agreed on a road map for the negotiation process that saw the launch of negotiations in March 2009. Liberia now has a secretariat to oversee the process.

114. Panel members attended a portion of a worksnop launching the National Forest Programme Facility of Liberia, which took place in Liberia on 2 and 3 September. The Facility is intended to support multi-stakeholder dialogue processes and forums in partnership countries. The programme will provide Liberia with up to $300,000 for activities over the next two years. At the workshop, participants agreed on a national multi-stakeholder steering committee, the first meeting of which was held on 9 September. At the meeting a first-year workplan was agreed upon, and FDA published a call for proposals on 17 September for groups to apply for available funding.

VI. Information on designated individuals

115. Charles Taylor's defence counsel, Courteney Griffiths, made his opening statement on 13 July before the Special Court of Sierra Leone in The Hague, the Netherlands, stating that Mr. Taylor was "a peacemaker turned scapegoat by the international community". Mr. Taylor took the stand himself on 14 July and has been testifying four days a week since that time. Mr. Taylor's testimony will continue into early 2010. The prosecution began its cross-examination of Mr. Taylor on 10 November.

116. Viktor Bout remains in jail in Thailand, as a court there rejected the request by his family on 2 September to release him on $45,000 bail. In August, the Bangkok criminal court refused to extradite Mr. Bout to the United States. Thai prosecutors representing the United States in the trial lodged an appeal on 26 August against that ruling. The appeals process could take several months, but the appeals court ruling will be final, as Thailand's Supreme Court does not review extradition matters. On 22 October, a Thai prosecutor said that Thailand would resist pressure from the United States Government to extradite Mr. Bout to the United States. President Barack Obama said that he would press for Mr. Bout's extradition during his trip to Asia in November 2009.

117. Valeriy Naydo, known to be a close associate of Mr. Bout, has been identified as currently residing in the United Arab Emirates. Leonid Minin may be in Italy and is under investigation for involvement in Russian organized crime.

118. Aziz Nassour was convicted in 2004 in Antwerp, Belgium, for his involvement in the smuggling of diamonds from West Africa to the diamond market in Antwerp. He was sentenced initially to six years, then, on appeal, to eight years. He had already fled Belgium at the time of his conviction, however, and is allegedly in Lebanon. He is the subject of a Belgian arrest warrant issued in May 2006. Samih Ossaily was convicted for his role in the diamond trade in Belgium and sentenced to four years (increased to six on appeal). He served time in jail and was released after 26 months.

119. On 30 September the President of Liberia appointed Benoni Urey, a designated individual on both the travel ban and assets freeze lists, as acting Mayor of Careysburg, a town outside of Monrovia. The Panel considers that such actions undermine the United Nations targeted sanctions, especially given that Mr. Urey is on both the assets freeze and travel ban lists and is receiving benefits from unrecorded transfers of money between companies in Liberia (see S/2009/290, paras. 143-147).

120. The Panel received a response from the Special Court for Sierra Leone regarding the Panel's request in April 2009 for further information on the dates and frequency of communication between Mr. Taylor and other designated individuals. In her letter of 7 August, Binta Mansaray, the acting Registrar of the Special Court for Sierra Leone, informed the Panel that the Court had inadvertently indicated in its earlier correspondence that Mr. Taylor communicated from time to time with Benjamin Yeaten or Mr. Snowe. After rechecking its records, the Court had found that references to Mr. Yeaton were made only in passing, in conversations with third parties, but that Mr. Taylor did not directly speak to Mr. Yeaton.

121. The acting Registrar also noted that the written record contained a clerical error, which was checked against the audio version by a Liberian English speaker. This person confirmed that Mr. Taylor did speak to someone named Edwin in December 2008, who was apparently his son-in-law, but that this person's last name was not confirmed. The Registrar also stated that, as this was the only conversation ever recorded with a person referred to as Edwin Snowe, it was impossible to confirm whether Mr. Taylor had in fact been speaking with the actual Edwin Snowe on other occasions. The acting Registrar requested that the Panel correct the record regarding the relevant paragraph in the Panel's June 2009 report (ibid., para. 100) and remove those two names. The Panel hereby puts on record the correction provided to it by the Special Court for Sierra Leone.

122. With regard to the Panel's request for more details on the frequency and timing of communications between Mr. Taylor and other individuals, the acting Registrar stated that she was not in a position to provide that information as the proceedings in the case of Mr. Taylor were still ongoing. Thus, the Panel concludes that further useful information from this source will not be forthcoming at this stage.

123. The Panel notes, however, that the prosecution filed a motion on 10 July to restrict Mr. Taylor's access to defence witnesses in order to protect the integrity of the proceedings. According to the motion, a member of Mr. Taylor's defence team had complained that his privileged communication with Mr. Taylor had been restricted by the Registrar. The acting Registrar informed the prosecution on 12 June that the accused (Mr. Taylor) had abused privileged phone access lines to talk with persons not entitled to privileged communication with the accused. On one occasion Mr. Taylor received a phone call from a member of his defence team, Counsellor

Laveli Supuwood (former Solicitor-General of Liberia and former official of Liberians United for Reconciliation and Democracy, himself accused of authorizing massacres) at the same time as he was already supposedly speaking with Counsellor Supuwood on a privileged access line. Thus, it became apparent that at least one of these two persons was not Counsellor Supuwood. Furthermore, the acting Registrar informed the prosecution that this was not the first such occurrence of abuse by the accused.

124. According to court transcripts of 16 November, Mr. Taylor admitted during cross-examination that he had spoken to persons other than members of his defence team, including prospective witnesses, on privileged access lines. He agreed that Counsellor Supuwood had two privileged access cellphone lines, one from Liberia and one from Ghana. He also acknowledged that those lines allowed call forwarding, meaning he could be talking to anyone anywhere. Furthermore, he admitted to using privileged access lines of a lawyer, Lansana Kamara, in Freetown to communicate with prospective witnesses. As at 20 November, the Panel was not aware of a public decision on the motion, but it has requested information regarding the Trial Chamber's decision from the Office of Public Affairs and will inform the Committee of its findings in December.

125. The Truth and Reconciliation Commission of Liberia released its final (though unedited) report on 30 June. It recommended that a number of individuals be prosecuted for human rights violations and war crimes, including many designated individuals on the lists of the Committee, including Coco Dennis, Adolphus Dolo, George Dweh, Kai Farley, Joe Tuah, Benjamin Yeaton and Charles Taylor. The report has caused a stir in Liberia, as it recommends that some individuals be prohibited from running for political office, or, for those already in elected office, from running again, including President Johnson Sirleaf. The report also recommends public sanctions against some former listed individuals, including Grace Minor. Some commissioners allegedly have received death threats.

VII. Travel ban

126. The Panel has received various allegations of travel by designated individuals. For example, Mr. Ossaily is allegedly living in Belgium and has travelled to the Democratic Republic of the Congo. The Panel has yet to verify this information.

127. The Panel has been able to confirm that Cyril Allen has travelled in violation of the ban. According to information provided by the Ghanaian authorities, Mr. Allen arrived in Accra on 3 October on Virgin Nigeria flight 801 and departed for Lagos on 10 October on Virgin Nigeria flight 800. Further inquiries in Liberia and Nigeria are required to verify fully the extent of Mr. Allen's travels. The Panel is concerned that the Ghanaian authorities were under the impression that Mr. Allen had a travel ban waiver, although that was not the case.

128. On 5 June the Sanctions Committee removed one individual, Talal Eldine, from its travel ban and assets freeze lists. Between 1 January and 15 November the Committee provided three travel waivers to Mr. Snowe, one to Jewell Howard Taylor and one to Simon Rosenblum. Letters from the Chair of the Committee note that any deviations from the dates or means of travel would constitute non-compliance if not approved by the Committee in advance.

129. Information provided by the Ghanaian authorities indicates that Mr. Snowe has not complied with the strict terms of his first two travel ban waivers. The official travel dates authorized by the Committee were 27 to 30 January 2009. In fact, Mr. Snowe travelled to Accra on 27 January aboard Emirates Airline flight 788 from Abidjan. He departed from Ghana on 3 February aboard Emirates Airline flight 787 to Abidjan. The Panel notes that Emirates Airline does not serve Monrovia, so Mr. Snowe would have had to travel by other means to Abidjan. With regard to Mr. Snowe's second waiver, the Committee authorized travel from 2 to 6 June, while the Ghanaian authorities report that Mr. Snowe was in Ghana from 2 to 9 June. The Panel notes that the Ghanaian authorities report that he travelled to and from Lagos on Virgin Nigeria airline. The Panel has requested clarification of the point of departure and arrival, as Virgin Nigeria also flies to and from Liberia.

130. Similarly, the Panel notes that Jewell Howard Taylor has also not abided by the strict travel dates of her waiver. She was originally given permission to travel to Ghana from 26 April to 2 May, but this was revised to 10 to 24 May in view of the lateness of the decision on the request. According to the Ghanaian authorities, Ms. Taylor arrived in Ghana on 13 May aboard Kenya Airways flight 508 from Monrovia and departed on Kenya Airways flight 508 for Monrovia on 3 June.

VIII. Assets freeze

131. The Panel continued its work with regard to assessment of the asset freeze, focusing its efforts on Member States other than Liberia. The Panel followed up on earlier requests related to tracing the movement of assets. The Panel has reviewed newly obtained financial records, written documents and other tangible evidence and followed up with interviews where appropriate.

A. Status of the assets freeze in Liberia

132. On 3 August the Panel met with the recently appointed Solicitor General of Liberia, Micah Wright, regarding the status of the asset freeze in Liberia. He was unaware of any pending work or actions with regard to freezing the assets of the individuals and entities on the Committee's list, lacked knowledge of the asset freeze and requested a briefing packet for his review from the Panel, which the Panel provided on 7 August. The Panel conducted a follow-up visit on 17 August, but the Solicitor-General was not able to provide any further information on actions related to the asset freeze. As at 15 November, no assets had been frozen in Liberia, and it is the Panel's assessment that the Government is unlikely to take action.

133. The legal case in Liberia involving PLC Investments Ltd. has not yet been resolved. The previous Solicitor-General, through court proceedings, issued search and seizure warrants to all current banking institutions for the purpose of obtaining account records for designated individuals and identified alter egos or related business entities, such as PLC Investments Ltd. PLC objected to the court-issued warrants and obtained a writ of prohibition, thus staying the production of such records. The court scheduled a hearing for the writ for the third quarter of 2009. No verdict had been rendered as at the time of writing of the present report.

134. Documents previously obtained from the Ministry of Commerce identified Nexus Corporation as holding a 50 per cent stake in PLC Investments Ltd. The Office of the Prosecutor of the Special Court for Sierra Leone has provided the Panel with the information that Emmanuel Shaw II, a designated individual, was the President and Secretary of Nexus Corporation. In a special meeting of Nexus on 20 July 1999, the Board of Directors decided that the President, Mr. Shaw, was authorized to open bank accounts for the corporation at First Merchant Bank OSH Ltd. of Lefkosa (Nicosia). It was further resolved that Mr. Shaw had sole management authority for handling the funds between Nexus and the bank. On 25 September 1999 Mr. Shaw wrote a letter to Danny R. Swiel, President of Gemini Services Ltd., located in Geneva, in which he thanked him for his help "in facilitating the opening of a US Dollar account for my company with First Merchant Bank in Turkey".

B. Status of the assets freeze in other Member States

135. The Panel can confirm the existence of viable assets linked to Mr. Bout. Release of further details on those links requires approval from the information source.

136. The Panel obtained numerous documents that show Mr. Naydo as being associated with several air transportation companies owned by Mr. Bout. He is also listed as a signatory on the bank account of Air Bas Transportation, a designated entity. The Panel has obtained records of a blocked transaction by Western Union dated 2 October 2006 from Valeriy Naydo, residing in the United Arab Emirates, to Ludmila Naydo in Ukraine. The amount of the transaction was $1,948. On 18 March 2008, Mr. Naydo made a request to be de-listed from the Committee's lists. He stated that he had no assets and that he had terminated his association with Mr. Bout.

137. Richard Ammar Chichakli has been a corporate officer for more than 20 companies, many of them associated with Mr. Bout, such as San Air General Trading LLC, Airbas Transportation, Orient Star Corporation, Trans Aviation Global Group Inc. and the Central Africa Development Fund, all of which are designated entities.

138. Orient Star Corporation is listed as the owner and receiving party of two condominiums, in Plano and Dallas, Texas, United States, through deed transfers executed on 14 February 2005 by Richard Chichakli.

139. The Panel received information that Sanjivan Ruprah transferred amounts in euros and United States dollars to a Belgian account in the name of Houthoofd Sandra Rose Massamba, with an address in Johannesburg, South Africa. Subsequently, the funds were used for the purchase of real estate, possibly in India. Through its review of bank records, the Panel identified a number of wire transfers by Mr. Ruprah (see table 11).

Table 11
Wires sent by Sanjivan Ruprah
(United States dollars)

Date	*Amount*	*Payable to*	*Banking information*
13 April 1999	5 000	S.S. Ruprah joint account	Wired to bank in New Delhi
15 April 1999	45 000	S.S. Ruprah joint account	Wired to private bank in Zurich
22 April 1999	23 000	S.S. Ruprah joint account	Wired to private bank in Zurich
8 June 1999	2 000	S.S. Ruprah joint account	Wired to bank in New Delhi
2 September 1999	400 000	Identity protected pursuant to confidentiality agreement	Wired to bank in Israel
2 September 1999	499 980	Sanjivan Ruprah	From O. Dato Seri Bong
7 September 1999	20 000	S.S. Ruprah joint account	Wired to bank in New Delhi
23 December 1999	6 000	S.S. Ruprah joint account	Wired to bank in New Delhi
23 December 1999	2 000	Sanjivan Ruprah	Wired to bank in Johannesburg
26 January 2000	2 000	Sanjivan Ruprah	Wired to bank in Johannesburg
22 May 2000	8 000	S.S. Ruprah joint account	Wired to bank in New Delhi
Over 3 months in 2001	30 500 22 different wires	Identity protected pursuant to confidentiality agreement	Wired to bank in Brussels
7 January 2002	3 000	S.S. Ruprah joint account	Wired to bank in New Delhi

Source: Permanent Mission of Switzerland to the United Nations.

140. The Panel, in a letter to the Permanent Mission of South Africa to the United Nations, has requested bank records for an account at the Standard Bank of South Africa, Riverdale, branch code 05.03.13.45, account No. 082283125 in the name of Gordon Strauss, Littlerock Mining. Various information sources indicate that money was wired by Mr. Ruprah to the account and that Mr. Ruprah owns Littlerock Mining.

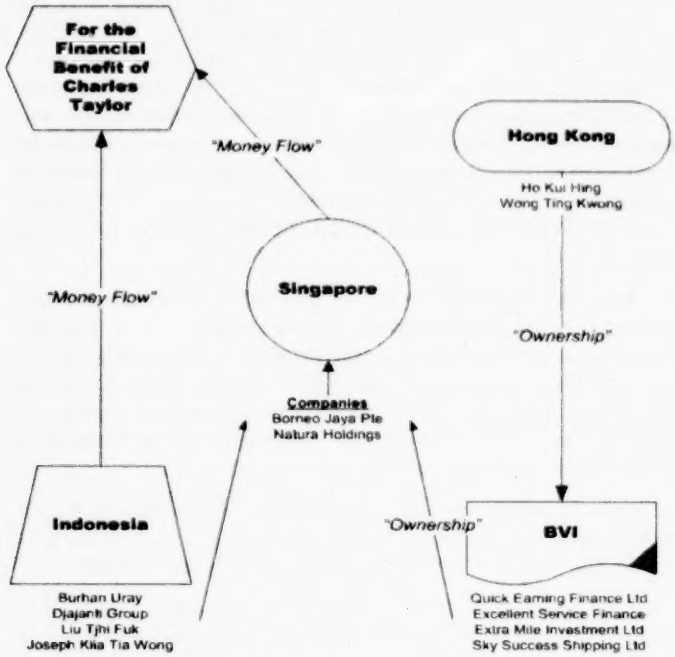
141. To date the Panel has not received a response to its letter to the Permanent Mission of Belgium to the United Nations dated 20 March requesting information on Mr. Ruprah. During a meeting with representatives of the Belgian Ministry of Foreign Affairs in early June, officials informed the Panel that they were still in discussions with relevant authorities regarding the provision of the information requested by the Panel.

C. Asia connection for the financial benefit of Charles Taylor, et al.

142. The Panel has continued its investigation in collaboration with both governmental and non-governmental organizations regarding the links between individuals on the Committee's assets freeze list, such as Charles Taylor, and various sources of funds from companies and individuals located in Asia. In this particular investigation the Panel was assisted by the Commercial Affairs Department and the Accounting and Corporate Regulatory Authority of Singapore, as well as the Financial Investigation Agency of the British Virgin Islands.

143. The Panel has confirmed the connection of several companies and individuals located in Asia to listed individuals. The Panel has further verified that millions of dollars were transferred out and received by individuals on the Committee's assets freeze list. Figure III provides a simplified view of the movement of funds and the interconnections among various listed individuals and alter egos or business entities.

Figure III
Movement of funds



Source: Panel of Experts on Liberia.

144. The Commercial Affairs Department of Singapore has verified that Joseph Kiia Wong, an individual on the Committee's assets freeze list under the name Joseph Wong Kiia Tai, is currently listed as the director of Natura Holdings and Borneo Jaya Pte. Ltd. The Department further informed the Panel that the registered address of both companies is 808 French Road, No. 07-163 Kitchner Complex, Singapore 200808. Joseph Kiia Wong's residential address has been listed as 18 Margoliouth Road, Singapore 258544. This home was verified by the authorities of Singapore as being owned by Joseph Kiia Wong's mother since 1971. She informed the authorities that Joseph Kiia Wong no longer stayed at that address and that she had not seen him in six or seven years.

145. At the request of the Panel, the Commercial Affairs Department of Singapore successfully located the two board members of Borneo Jaya Pte. Ltd. Of those, only Ong Oon Teck was willing to give a voluntary statement on Joseph Kiia Wong. According to Ong Oon Teck, Mr. Wong was appointed to the board of Borneo Jaya because of his expertise in heavy equipment to provide technical advice and assistance and monitor the logistics and repairs for the company.

146. As for the current status of Borneo Jaya, Ong Oon Teck stated that the company was no longer in operation and that he had gotten to know Joseph Kiia Wong through his service as a member of the board of the company. He had last been in contact with Joseph Kiia Wong one year ago by way of a telephone conversation. Ong Oon Teck stated further that Joseph Kiia Wong was in Indonesia operating a palm oil plantation business. Ong Oon Teck had a mobile phone number for Joseph Kiia Wong but was unwilling to disclose it to the Commercial Affairs Department of Singapore.

147. The second board member, Rosmini Binte Sulong, was also contacted by the Commercial Affairs Department of Singapore at the request of the Panel. She declined to be interviewed, however, and did not wish to be involved in any matters relating to Borneo Jaya. The Panel was able to obtain from the Singapore Accounting and Corporate Regulatory Authority the business profile for Borneo Jaya as at 3 September 2009. The profile discloses an initial formation date of 12 June 1967, an original name of Borneo Timber Limited and the issuance of 1 million shares of stock with the following ownership: the estate of Adisorn Tantimedh, 1 share; Excellent Services Finance Limited, 1 share; and Quick Earning Finance Limited, 999,998 shares.

148. Both companies, Excellent Services Finance Limited and Quick Earning Finance Limited are shell companies registered in the British Virgin Islands. Excellent Services Finance Limited was incorporated in the British Virgin Islands on 12 April 2000. The initial director was Wong Ting Kwong from Hong Kong. He is listed as having resigned on 1 February 2002. Quick Earning Finance Limited was then appointed as director. The owner of Excellent Services Finance Limited is listed as Liu Tjhi Fuk, who holds an Indonesian passport.

149. Quick Earning Finance Limited was also incorporated in the British Virgin Islands on 12 April 2000. Its first director was Wong Ting Kwong, who is listed as a citizen of Hong Kong. Liu Tjhi Fuk also owns Quick Earning Finance Limited.

150. The Panel reviewed the corporate information of Borneo Jaya Pte. Ltd. filed in Singapore on 11 March 2003. It states on page one that the owner is Quick Earning Finance Limited. The filing continues by disclosing the banks for Borneo Jaya as American Express Bank, Standard Chartered Bank, Bangkok Bank, BankBoston and OCBC Finance Singapore Limited.

151. The Panel has previously identified payments from Natura Holdings to individuals on the Committee's assets freeze list (see S/2008/371, para. 100). The Panel has confirmed that Natura Holdings is registered as a company based in Singapore with the following address: 80 Anson Road, IBM Towers, No. 27-03, Singapore 079907. The Financial Investigation Agency of the British Virgin Islands confirmed that Ho Kui Hing, who is residing in Hong Kong, is the stockholder of Natura Holdings through an offshore company known as Extra Mile Investment Limited.

152. The Permanent Mission of China to the United Nations assisted the Panel in securing various bank records of Ho Kui Hing from Standard Chartered Bank and the DBS credit card statements. Large sums of funds have been deposited and withdrawn from two accounts, but there is insufficient detail to determine the source or application of the funds.

153. On 26 August 1999, at the instruction of Burhan Uray, Borneo Jaya Pte. Ltd. wired $500,000 to a bank account in Switzerland belonging to Sanjivan Ruprah for

the purchase of a helicopter. The Panel confirmed that the Government of Liberia had granted the Oriental Timber Company a tax credit in the same amount. The bank account, No. 0520009, used by Borneo Jaya for the wire transfer was at BankBoston in Singapore.

154. In 1963, Burhan Uray founded the Djajanti Group as a timber company located in Indonesia. The Panel obtained a memorandum of understanding dated 25 May 1999 between Liberia and Mr. Uray stating that Mr. Uray would pay to Liberia $5 million in exchange for an additional 2 million acres of forest land for the Royal Timber Corporation and the lease of the Port of Buchanan to Mr. Uray at acceptable terms. The agreement was signed by Charles Taylor, then President of Liberia.

155. Also on 26 August 1999, Borneo Jaya wired $250,000 and Oriental Timber Company received a tax credit from the Government of Liberia. The bank account, No. 0520009, used by Borneo Jaya for the wire transfer was also BankBoston in Singapore. Approximately one month earlier, on 16 July 1999, Borneo Jaya had wired $1 million to an account of Fred Rindel in Jersey for the purchase of a patrol boat. Once again the same bank account was used.

156. Through the assistance of the Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations, the Panel obtained bank records indicating the receipt of a wire transfer in the amount of $1 million from Borneo Jaya into an account at Barclays Bank under the name of A.G.L. Brokers. The Panel reviewed the bank records showing that the $1 million had been immediately transferred out of the A.G.L. Brokers account at Barclays Bank in Jersey. This was done in two transactions. One was for $550,000 and the other for $450,000. The A.G.L. Brokers account was managed by Stonehage S.A., located in Switzerland. The Panel obtained, with the assistance of the Permanent Mission of Switzerland to the United Nations, a report prepared by Stonehage regarding the movement of funds for the A.G.L Brokers account as well as an account entitled "Advisory and Trading Services Limited".

157. Through further follow-up the Panel obtained a written letter from Fred Rindel dated 5 October 2009 stating that the funds had been used for the purchase of a vessel for Liberia. The $550,000 had been transferred to Advisory and Training Services Ltd. and the $450,000 had been transferred to Liaison & Consultant Services, Ltd. Advisory and Training Services is registered in the British Virgin Islands. Its money, as well as that of AGL Brokers, is managed by Stonehage. Mr. Rindel owns both companies.

158. The Panel has requested a variety of banking information that will provide insight into the financial and economic resources of individuals and entities on the Committee's assets freeze list. The majority of the Panel's requests have not yet been answered.

IX. Arms embargo

159. In its resolution 1854 (2008), the Security Council renewed the arms embargo on Liberia and requested the Panel to investigate and report on the implementation, and any violations, of the measures referred to in paragraph 2 of resolution 1521 (2003). The Panel held meetings and consultations with relevant stakeholders in

Liberia to discuss the arms embargo and the status of exemptions granted by the Committee.

160. The Panel has discussed the cross-border movement of people and goods with various law enforcement agencies (the Bureau of Immigration and Naturalization, the Liberian National Police and the National Security Agency) at border crossings in Grand Cape Mount and Grand Gedeh. They highlighted the difficulty of managing night-time movements across the border, an issue also widely reported by the local population.

A. Status of the arms embargo

161. During the reporting period, the Panel did not find any concrete evidence of major violations or attempted violations of the arms embargo.

162. During a visit to Grand Gedeh County in July, the Panel noted the widespread presence of hunters using single-barrel guns even though, pursuant to executive order No. 6 of 27 December 2006, no individual, group, organization or entity other than the Government of Liberia may own, possess or cause to be brought into Liberia any firearms.

163. In 2009, United Nations Mission in Liberia (UNMIL) forces have found and disposed of approximately 1,700 weapons. Where the country of origin was known, it could be determined that the weapons were manufactured in the Russian Federation (437), Israel (283), Belgium (216), Germany (202), the United States (141), Italy (99) and China (1). Those weapons were unserviceable, and, according to UNMIL, no serial numbers could be identified in order to trace them precisely.

164. Most of the weapons were found at Bomi Lake (Bomi County) thanks to information provided by the local population in February 2009. The result of the investigations conducted by UNMIL was that those weapons had been dumped in 1999 after a disarmament, demobilization and reintegration programme implemented by the ECOWAS Monitoring Group and the United Nations Observer Mission in Liberia. The destruction process could not be carried out properly, and evidence suggests that while it is acknowledged that the small arms located at the site were unlikely to be serviceable, it was possible that they could be used to support criminal activities. Reports suggest that the buried weapons and ammunition included machine guns (e.g. AK-47, G3, M16), mortars (e.g. 81- and 120-mm), artillery bombs and multiple rocket launchers.

165. During the assessment visit to the site conducted by UNMIL along with the non-governmental organization Landmine Action on 1 September 2009, a second site was brought to the attention of the team. Considerably less is known about what has been buried and to what depth in this area, but it is believed to be a mixture of light weapons, including mortars, grenades and artillery bombs. The assessment mission concluded that the original site should be excavated to a depth of 3 metres and measures taken to destroy any weapons found as required and that the second site should be subjected to a technical survey that can provide an informed assessment of the clearance needs. Also in September, a project proposal, including a funding request, was submitted by Landmine Action in response to a request by UNMIL. No decision had been taken by UNMIL as at 16 November.

166. A container with 96 serviceable small and light weapons (including missiles, anti-aircraft guns, mortars and assault rifles) collected during the disarmament, demobilization and reintegration process has been stored at UNMIL premises since 2005, apparently pending the opening of a museum. In September 2009 a decision was finally made to neutralize the weapons. As the project of establishing a museum is neither discussed by the Liberian Government nor funded in any way, the decision that the weapons should be stored for an additional unknown period of time instead of being disposed of would have required justification.

167. A sustainable and environmentally friendly solution needs to be found and carried out in order to eliminate the scrap metal resulting from the cutting up of weapons. The metal (several tons) is currently spread over the ground or stored in containers at various locations. As the first step, the different scrap metal storage sites should be clearly identified and recorded by UNMIL, after which the metal should be gathered at a unique site. The Panel strongly recommends that the scrap metal be given to a metal recycling company in Liberia or a neighbouring country and that the process up to the time of melting be kept under United Nations monitoring.

B. Exemptions to the arms embargo

168. In a letter dated 8 July 2009, the United States Government submitted to the Committee a request for an exemption to provide military equipment to the Armed Forces of Liberia (AFL) (29 rocket-propelled grenade launchers and 500 mortar training rounds), which was granted on 16 July.

169. On the basis of a recommendation from the Panel in its midterm report, the acting Chairman of the Committee sent a letter on 13 July 2009 to the Under-Secretary-General for Peacekeeping Operations requesting that UNMIL start conducting inspections of the weapons, ammunition and other related equipment imported for training and equipping AFL. On 13 August, the Special Representative of the Secretary-General appointed an inspection team made up of UNMIL troops and United Nations police. The first inspections of AFL armouries took place on 18, 19 and 28 September. A report on those inspections had not yet been officially issued as at 16 November.

170. In 2005, UNMIL received 635 weapons (machine guns, revolvers and rifles) and 510,000 rounds of ammunition donated by the city of Antwerp in accordance with an arms embargo exemption approved by the Committee. The automatic weapons (Uzi type) were destroyed because they were irrelevant for training purposes (authorization for their destruction was given on 1 September 2005 by the acting UNMIL Police Commissioner). The remaining materials, intended for training Liberian police officers, were stored in two UNMIL storage facilities.

171. The equipment had not been in use since 2005, and no inspection had ever been conducted by the United Nations police firearms inspection team. Following a request for information submitted by the Panel to UNMIL in April 2009, a baseline inventory report was conducted by the United Nations police in July. Recommendations were made to maintain and use the rifles (12-gauge Mossberg) and the pistols (9-mm Browning) and to dispose of the revolvers (Smith & Wesson) and their ammunition, which the United Nations police considered irrelevant for Liberian National Police. A certificate of disposal was issued on 25 September.

172. On 5 August, the United States Embassy in Monrovia notified UNMIL about the arrival of a shipment of weapons and ammunition donated by the Government of Romania for training and equipping AFL. On 13 August those materials were transferred from Roberts International Airport to Edward Binyah Kesseley Barracks and inspected by the UNMIL firearms inspection team. The Committee granted an exception to the arms embargo for this shipment in 2005. The shipment followed up a partial delivery that arrived in August 2008 (see S/2008/785, paras. 177 and 178 and S/2009/290, para. 171). This is the second shipment reported for 2009.

173. The situation with regard to the delivery of weapons for which the Committee granted exemptions to the arms embargo is summarized in table 12. The Panel of Experts was not able to obtain most of the notifications of delivery submitted to the Committee by the State requesting the arms embargo exemption after the delivery of each shipment to Liberia, as explicitly required in paragraph 1 (b) of resolution 1792 (2007).

Table 12
Exemptions granted and delivery status

Beneficiary	*Submitted by*	*Date of agreement*	*Date of delivery*	*Status*[a]
Armed Forces of Liberia	United States (plus Romania)	25 August 2005	19 September 2008 and 17 August 2009	Inventory in process
	United Kingdom	15 September 2006	[b]	Inventory in process
	United States	10 March 2007	[b]	Inventory in process
	United States	1 April 2009		Not received
Emergency Response Unit	United States	23 January 2008	[b]	Fully received
	United States	13 August 2008	23 February 2009	Partly received
Liberian National Police	UNMIL/Anvers	23 December 2004	[b]	Fully received
	United Kingdom	16 August 2006	[b]	Fully received
	Nigeria	29 September 2006	[b]	Fully received
	United States	24 May 2007	[b]	Fully received
	UNMIL (India, Jordan)	14 July 2008	[b]	Not reported
Special Security Service	United States	9 March 2006	[b]	Fully received
	China	10 May 2007	[b]	Fully received
	United States	23 March 2009		Not received

Source: United Nations Mission in Liberia firearms inspection reports, exemption request letters from Member States and letters from the Committee granting the exemption.

[a] Based on UNMIL firearms inspection team reports.

[b] Not known.

174. In July the Panel participated in the inspection by the UNMIL firearms inspection team of the weapons, the Special Security Service, the Liberian National Police and the Emergency Response Unit. The inspections conducted by the team in 2009 are summarized in table 13.

Table 13
List of firearms inspections conducted by the United Nations Mission in Liberia in 2009

Liberian National Police			
Police Support Unit	*Emergency Response Unit*	*Special Security Service*	*Armed Forces of Liberia*
23 January	12 May	23 January	8, 19 and 28 September 2009[a]
2 April	30 June	7 April	
30 June	20 October	7 July	
20 October		4 November[a]	

Source: UNMIL.
[a] Report not yet issued as at the date of the present report.

175. In general, the weapons imported pursuant to exemptions granted by the Committee are properly managed. However, the UNMIL firearms inspection reports do not mention the exemptions granted and do not list the equipment actually received in Liberia. This absence of a baseline should be corrected in future UNMIL firearms inspection reports.

C. Situation in Guinea

176. The Panel visited Guinea in early September as a follow-up to its mission of early March. The Panel met with representatives of the Ministry of Foreign Affairs, the Ministry of Internal Security and Civil Protection, the Border Police, the Ministry of Defence and the Conseil national pour la démocratie et le développement. Guinean officials confirmed to the Panel that a significant number of armouries had been looted by personnel of the Gendarmerie, the army and the civilian population all over the country during the riots that occurred at the beginning of 2007. Guinean officials refused to share with the Panel the precise number of weapons stolen and the number still missing. During the recent demonstrations that took place on 28 September, at least two additional armouries were looted in Conakry.

177. The Panel visited the Guinée forestière region (Guékédou, Macenta and Nzérékoré), where it met with local representatives of the Gendarmerie, police, customs service and prefecture in each of the above-mentioned towns as well as with representatives of the Office of the United Nations High Commissioner for Refugees, the International Committee of the Red Cross, the United Nations Development Programme and local civil society organizations. Although the local population mentioned the presence of weapons caches, officials and the Gendarmerie declined to discuss this information with the Panel.

178. The Panel was informed by Guinean officials that weapons had been entering the country since at least 2007 from Côte d'Ivoire and Liberia. This fact is also

mentioned by the Liberian National Police in a report dated 12 May 2009. Several shipments coming from Guinea were intercepted by the Malian security forces between 2007 and 2009, according to media reports. Intelligence sources in Guinea mention "Al-Qaida in the Islamic Maghreb" and some Tuareg rebel groups as potential buyers for the weapons coming from West Africa. The Panel has requested further information from the Malian authorities regarding those weapon seizures.

179. The connections between the former Liberian rebel group Liberians United for Reconciliation and Democracy, which was supported by Guinea, and the Government of Guinea might be a source of concern as Liberian nationals could potentially play a destabilizing role in Guinea should the situation there deteriorate further. Some reports from non-governmental organizations and local media mentioned the presence of Liberian nationals in Conakry during the events of September 2009.

180. In September and October, rumours circulated in Liberia of potential attempts to recruit Liberian combatants to go to Guinea. The Panel investigated those rumours extensively through various international and Liberian channels but could not find any concrete evidence or direct witnesses. The allegations are taken very seriously by Liberian authorities, however, and United Nations officials and the Panel will monitor them along with the security situation in Guinea.

181. Despite announcements made by the Bureau of Immigration and Naturalization in October and the presence of UNMIL, the borders between Liberia and its neighbours remain extremely porous. The Panel notes the delay in a United Nations Development Programme project funded by Germany and Belgium that is aimed at rehabilitating or building 10 police barracks all along the international borders of Liberia. This project will not be completed before 2011.

D. Capacity of the Government to control arms and provide security

182. The Government of Liberia, through the Liberian National Commission on Small Arms, has not made any noticeable progress in implementing the ECOWAS Convention on Small Arms and Light Weapons, Their Ammunition and Other Related Materials and the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition supplementing the United Nations Convention against Transnational Organized Crime. An adequate legal framework for small arms and light weapons import, export, transit licensing or authorization does not yet exist in Liberia, as the draft firearms control act is still pending (since 2006).

183. The overall system of marking and registering the weapons and ammunition imported into Liberia should be revisited, standardized, unified and centralized to ensure that it complies with the requirements of the ECOWAS Convention and the recommendations of the international instrument to enable States to identify and trace, in a timely and reliable manner, illicit small arms and light weapons.

184. In November the Panel visited the construction site of the United States-funded Emergency Response Unit command centre located in a suburb of Monrovia. The building will be transferred to the Liberian authorities at the beginning of 2010. The Emergency Response Unit should have, at the end of the current training period (January 2010), 350 members (instead of the 500 initially planned), equipped with four-wheel-drive vehicles, modern weapons and the means for basic radio

communications. Considering the huge gap between the operational capacities of the Unit and those of the regular Liberian National Police units, which are under-equipped and insufficiently armed, the responsibilities given to the Emergency Response Unit will probably tend to go far beyond the original mandate.

185. The AFL training is transitioning in 2010 from a United States Government contractor-implemented programme to a training programme implemented by the United States Africa Command (Department of Defense). United States officials informed the Panel that all weapons and ammunition would still be under United States Government control, with a contracted armed guard force guarding the weapons. The UNMIL Deputy Force Commander informed the Panel that UNMIL would be involved in AFL training in 2010. The responsibilities of each party in the training programme require further clarification. The United States Government will continue to provide Emergency Response Unit advisers through the United Nations police. The contract of a private United States security firm for the construction of the Emergency Response Unit building is to be terminated at the end of 2009, as the construction work will be completed by then.

186. Some Liberian officials expressed their concern to the Panel of Experts that, should the resources allocated by donors to the above-mentioned security sector institutions decrease drastically in the near future, the Government would not have the budget to cover the gap. This might result in strong discontent among the members of the Emergency Response Unit and AFL, which could lead to unrest and riots.

X. Recommendations

187. The Panel would like to address a number of recommendations to the Committee, the Security Council, UNMIL and the Government of Liberia, as well as other actors.

Diamonds

188. The Panel recommends that the Government of Liberia and concerned partners (including UNMIL and donors) reconstitute the Presidential Task Force on Diamonds and review implementation challenges and reasons for the lack of progress in many areas. The Panel also recommends that the Task Force review options for transitioning to a diamond board or a broader precious minerals board (to address problems in the gold sector as well) that would have broad stakeholder involvement.

189. The Panel recommends that the Government of Liberia improve its implementation of the Kimberley Process review visit recommendations and report to the Chair of the Kimberley Process on a periodic basis as set out in the 2009 review visit report.

190. The Panel recommends that the Government Diamond Office share its library of photographs of rough diamond shipments and its database of information on the chain of custody (including vouchers, receipts and Kimberley Process certificates) with the Working Group of Diamond Experts in order to assist the Kimberley Process in creating a footprint of Liberian diamond exports.

191. The Panel also recommends that the Government of Liberia, in conjunction with other relevant actors, conduct further investigations into the regional trading

network and the potential infiltration of Ivorian diamonds into Liberia and neighbouring countries. Any regional technical meeting should focus in particular on improving coordination and sharing of information regarding companies. A regional diamond task force should not replace a commitment to improve implementation at the national level.

Forestry

192. The Panel reiterates its previous recommendation that the Government of Liberia consider a management contract for FDA, especially now that the Managing Director has resigned. This contract could involve hiring a professional to replace the Managing Director in the short term, with a focus on reviewing current operational policies and practices, especially regarding commercial logging operations. Alternatively, the Government could consider a broader management contract that would involve an overhaul of the commercial forestry department to improve the implementation of requirements related to the allocation of commercial concessions.

193. The Panel also reiterates its previous recommendation that donors agree on a series of benchmarks through the Liberia Forest Initiative to monitor and gauge progress on the implementation of the National Forestry Reform Law. The Panel believes that this could still prove useful, despite the transition in the structure and role of LFI.

Travel ban

194. The Panel recommends that the Security Council continue the travel ban until after the 2011 elections in Liberia and the conclusion of the trial of Charles Taylor.

195. The Panel recommends that the Sanctions Committee consider carefully each request for de-listing with regard to the implications for Liberia and the subregion in the interim period prior to the 2011 elections and the conclusion of the trial of Charles Taylor.

196. The Panel recommends that the Committee review its procedures for issuing and verifying adherence to travel ban waivers, including considering whether to request the submission of documents to verify travel. The Committee may also want to consider whether deviations or violations will affect the issuance of future waivers to individuals who violate the waiver conditions.

197. The Panel recommends that the Committee reiterate the importance of the travel ban to countries in the subregion and the need to verify that waivers have been issued to the listed individuals.

198. The Panel recommends that the Committee consider what actions can be taken or penalties imposed in cases of verified travel ban violations in order to increase the effectiveness of the travel ban.

Asset freeze

199. The Panel recommends that the Security Council continue the asset freeze until after the 2011 elections in Liberia and the conclusion of the trial of Charles Taylor.

200. The Panel recommends that the Sanctions Committee consider carefully each request for de-listing from the assets freeze list with regard to implications for Liberia and the subregion in the interim period prior to the 2011 elections and the conclusion of the trial of Charles Taylor.

201. Given the long-term needs of Liberia in the area of the rule of law, the Panel recommends that the Security Council encourage increased international assistance to Liberia to help build its capacity to take measures against corruption, unjust enrichment and fraudulent activities.

Arms embargo

202. The Panel recommends setting up a working group comprising UNMIL, the Liberian National Commission on Small Arms, the different ministries in charge of armed security forces personnel and the United States Embassy in order to support the Government of Liberia in complying with the requirements of the ECOWAS Convention and the recommendations of the international instrument to enable States to identify and trace, in a timely and reliable manner, illicit small arms and light weapons.

203. Consistent support should be provided, in partnership with UNMIL, to permit the Government of Liberia to acquire the capacity to mark and register properly the weapons imported into the country (i.e. to obtain several computerized weapon-marking machines and to set up a computerized national registry of weapons) and to gradually build its own capacity to manage properly and safely the weapon and ammunition disposal process, which is at present entirely and exclusively the responsibility of UNMIL (i.e. the provision and installation of relevant equipment, such as shredding machines, and the training of explosive ordnance disposal specialists).

204. Considering the increasing workload of the United Nations police firearms inspection team and in order to maintain the relevant capacity to check and analyse the information collected in the numerous inspections, the Panel recommends that the United Nations police create a database containing the following information: details (types and quantity of weapons and ammunition) of the arms embargo exemption requests granted by the Committee; the weapons, ammunition and other related equipment received in Liberia in connection with arms embargo exemptions; and the stockpile status as registered in the firearms inspection reports. The database should be shared with all relevant stakeholders.

205. Although UNMIL has recently improved the quality of information regarding weapons and ammunition collected and destroyed throughout Liberia, the Panel recommends the setting up of an efficient computerized database to record, before their destruction, detailed information for each military weapon and batch of ammunition found by UNMIL and/or the Liberian security agencies (i.e. the date of collection, location, type, manufacturer, serial number, calibre, origin, year of manufacture, etc.). The information on the origins of the weapons and the way they have been acquired by rebel groups could be improved considerably. Evidence might be gathered to better estimate the origin and extent of the external military support that fuelled the Liberian civil war.

206. A strict and regular regime of firearms inspections in the Liberian security sector institutions by UNMIL should be maintained throughout 2010.

Annex I

Meetings and consultations held by the Panel of Experts

Belgium

Ministry of Foreign Affairs; Ministry of Economic Affairs; Federal Police; European Commission; Antwerp World Diamond Council

Ghana

Ministry of Foreign Affairs, Ministry of National Security; Minister of the Interior; Ghanaian Police; Department of Immigration; Precious Minerals and Marketing Company; United Nations Development Programme

Guinea

Ministry of Foreign Affairs, Ministry of Internal Security and Civil Protection, Border Police, the Ministry of Defence, Conseil national pour la démocratie et le développement; United Nations Development Programme; Office of the United Nations High Commissioner for Refugees; the International Committee of the Red Cross

Italy

Food and Agriculture Organization of the United Nations

Liberia

Government

Drug Enforcement Agency; Ministry of Finance; Bureau of Immigration (Justice); Ministry of Interior (various Superintendents and District Commissioners); Ministry of Justice; Ministry of Labour, Ministry of Lands, Mines and Energy; Ministry of National Security; Forestry Development Authority; General Auditing Commission of Liberia; Liberian National Police; National Security Agency; National Bureau of Investigation; Anti-Corruption Commission; Public Procurement and Concession Commission; Liberia Extractive Industries Transparency Initiative; National Commission on Small Arms

Multilateral/international organizations

United Nations Development Programme; United Nations Mission in Liberia; World Bank

Diplomatic missions

United Kingdom political mission; United States Embassy; French Embassy; Ghanaian Embassy

Non-governmental organizations and the private sector

Alpha Logging; Association of Liberian Loggers; Buchanan Renewables; EJ&J Logging; Gemmcom; Green Advocates; Faith Incorporated; Liberia Diamond Dealers Association; Federation of Liberia Youth; Landmine Action; Liberia Timber

Association; Liberia Tree and Trading Corporation; Mittal Steel; Publish What You Pay Coalition; Royal Company; Sustainable Development Institute; Yuly Diamond Company; various individuals and companies who wish to remain anonymous

Namibia

Kimberley Process and individual participants

Netherlands

Special Court for Sierra Leone; United States Embassy

United Kingdom of Great Britain and Northern Ireland

Foreign Commonwealth Office; Royal Institute for International Affairs; European Forestry Institute; Inter-African Forestry Association

United States of America

New York: United Nations Department of Peacekeeping Operations and Department of Political Affairs; Permanent Missions of China, Indonesia, Liechtenstein, Panama, Singapore, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America to the United Nations

Washington, D.C.: Department of the Treasury State Department; Office of the Ambassador-at-Large for War Crimes Issues; Stolen Asset Recovery Initiative of the World Bank; Clinton Global Initiative; various members of the Congressional Black Caucus

Annex II

Judge's ruling on cases filed by three logging companies

JUDICIAL BRANCH
SUPREME COURT OF LIBERIA

ASSOCIATE JUSTICE'S CHAMBERS
TEMPLE OF JUSTICE
MONROVIA, LIBERIA

October 15, 2009

Madam Clerk:

Three separate petitioners recently filed petitions praying for the issuance of the alternative writs of prohibition, in the following matters:

a) Southeast Resources Limited by and thru its Authorized representative of the City of Monrovia, Liberia.....PETITIONER

Versus

The Government of Liberia represented by the Forestry Development Authority/Inter-ministerial & Concession Commission (IMCC), International Consultative Capital (ICC) and the Honorable Liberian Senate by and thru the President Pro-Tempore or its Authorized Representative.....RESPONDENTS

PETITION FOR A WRIT OF PROHIBITION

b) Atlantic Resources Inc. by and thru its General Manager, Emmanuel Ersking, Jr.....PETITIONER

Versus

The Government of Liberia represented by the Forestry Development Authority/Inter-ministerial Committee & Concession Committee (IMCC), and The Honourable Liberian Senate by and thru its Presiding Officer.....RESPONDENTS

PETITION FOR A WRIT OF PROHIBITION

c) Unitimber Corporation by and thru its President of the City of Monrovia, Liberia ..... PETITIONER

Versus

The Forestry Development Authority thru its Managing Director, the Inter-ministerial and Concession Committee thru its Chairman, the Ministry of Justice, thru the Minister of Justice; the National Investment Commission thru its Chairman; The President of the Republic of Liberia; The Ministry of Foreign Affairs, the Government Printing House thru its Director and Deputies and Euro Liberia Logging, all of the City of Monrovia, Liberia.....RESPONDENTS

PETITION FOR A WRIT OF PROHIBITION

JUDICIAL BRANCH
SUPREME COURT OF LIBERIA

ASSOCIATE JUSTICE'S CHAMBERS
TEMPLE OF JUSTICE
MONROVIA, LIBERIA

The parties, as well as other knowledgeable persons/institutions were cited to a conference on Tuesday, October 6, 2009 at 10:00 a.m. Participants provided insightful information to me in the matter.

Having considered all relevant information, I decline to issue the alternative writs of prohibition prayed for in the matters. You will inform all the parties accordingly.

Kind regards.

Sincerely yours,

His Honour Francis S. Korkpor, Sr.
ASSOCIATE JUSTICE
JUSTICE IN CHAMBERS